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GOVERNMENT WILL NOT REFLOAT 'EUROSYSTEM,' SAYS SIMONET

Belgian, Saudi Relations Precarious

Brussels LE SOIR in French 24 Jul 79 p 2

[Article by Guy Depas]

[Text] Is the contract of the century—the construction of a giant hospital complex in Saudi Arabia—which was awarded to Belgium in 1976, in the process of becoming the greatest failure our country has experienced in the export sector? Perhaps everything is not irrevocably lost; however, the declaration of bankruptcy which "Eurosystem Hospitalier" the linchpin of the consortium especially set up to execute this project (Eurosystem Health Consortium), was forced to issue Friday evening, complicated the situation considerably. Although it is no longer possible for the balance sheet of this affair not to reflect heavy losses, at least it is to be hoped that the members of the bankrupt consortium will manage to meet their commitments. It is to this end, moreover, that they have decided to send a mission to the site in the next 8 days.

Were this not done, however, it could be the end of the privileged relations Brussels and Riyadh have maintained up to now, with a second consequence: an appreciable decrease in the prestige enjoyed by Belgian industry in the Arab world, at a time when the SYBETRA [Belgian Foreign Contracting Syndicate], another Belgian exporter of industrial equipment, is encountering extreme difficulty in the execution of a 27 billion franc project which was awarded to it by Iraq. Moreover, because of the importance of the problem posed, a meeting was held that Monday evening in the Ministry of Foreign Affairs by all the parties engaged in the Eurosystem Health Consortium.

Then, on Friday, stating that it was unable to remove the obstacles presented by the directors of the Six Construct (a group from the Belgian Concrete Company and one of the nine consortium members of Eurosystem Health, the PRB [Belgian United Powder Factories], a subsidiary of the General Company of Belgium and principal stockholder of Eurosystem Hospitalier (ESH), gave up the 1.4 billion francs salvage plan which it had proposed.

Under these circumstances, Mr Borremanse, the ESH liquidator since 12 July, had no alternative but to admit to the Brussels Commercial Court that he had to file the company's declaration of bankruptcy.

We will come back later to the specifics of the circumstances which dictated this conduct on the part of the ESH liquidator. However, we will first state that at the end of 1978 the financial statement of this company, whose capitalization did not exceed 5 million francs, declared a loss of 788 millions francs.

The liabilities generated by the bankruptcy are still unknown. And, without a doubt, the trustees appointed by the Commercial Court, Messrs Hirsch, Absil and Georges Dal (under the supervision of superintendent-judges Messrs Duplat, president of the selfsame court, and Poschelle, consular president) will not have an easy job in an affair in which, additionally, there were so-called secret commissions amounting to the astronomical sum of 8.5 billion, on the one hand, and in which, on the other hand, bloodhounds of the Internal Revenue are in the process of exercising their expertise.

Without great risk of error, one can, however, assume that we are now witnessing the most important and in all likelihood the most complicated financial imbroglio since the bankruptcy declared in 1974 by the Italian-Swiss promoter of the Brussels Manhattan Center.

Although it has been described on several occasions recently, it would doubtless be worthwhile to recall the history of the Eurosystem Hospitalier, from its establishment to its collapse.

The Game of Influence

It all began in July 1975, when a certain Mr Cauchies, president of the ESH whose name at the time was not well known in the Belgian export world, mentioned the possibility, thanks to relations he had established in Riyadh with foreigners close to the royal palace (the role of several Americans; i.e., Messrs Pell and Baransky, among others, is still to be clarified), of being awarded a project for the Saudi national guard, namely a giant health complex: two 500-bed hospitals, two hospital towns with 300 troops [unites] and mobile health units. This was not only a turnkey contract but also a related services contract, since it also involved the supplying of specialized personnel to insure the operability of the equipment and the training of Saudi cadres.

Initially the contract involved 28.6 billion francs but was subsequently to amount to 35 billion francs, as the result of various diplomatic demarches some of which, it is said, were made by Prince Albert, president of the Belgian Office of Foreign Trade.

A Necessary Consortium

Incapable alone of handling an undertaking of this size, the ESH, of which the PRB had become the majority stockholder (51 percent) without, however,

being able to exercise its majority right because of the legal reductions in voting rights imposed upon any stockholder whose shares exceed a certain percentage, therefore, attempted to find consortium members.

The ESH found associates of medium importance but also very powerful associates. ELECTROBEL and the Belgian Concrete Company, through its subsidiary, Six Construct, were among the latter group. Each of the consortium members committed itself to working together to insure the successful completion of the project, a guarantee which was, moreover, required by their client.

However, it quickly became apparent that the estimates had been badly calculated. And it was necessary to resort to Mexican subcontractors, who were less costly but whose incompetence did not help matters.

One thing led to another until the Saudis, uneasy over the way the project was progressing, stopped making payments in September 1978, aggravating the tensions inside the consortium and the financial situation of the ESH.

In the meantime, the PRB had succeeded in fully exercising its majority rights by diversifying its interests. But doubtless it was already too late!

As a matter of fact, the affair was to be quickly brought before the Brussels Commercial Court, having come to the attention of the court's Commercial Inquiries Service.

Salvage Plan Turned Down

The PRB, and behind it the General Company of Belgium, playing upon its reputation in the markets of primary importance for its traditional products (powder and military ammunition), attempted to find a solution to the problem of the ESH, at the cost of financial sacrifices totaling about 1.4 billion francs; i.e., an advance of new funds amounting to 200 million francs, relinquishment of 525 million francs in dividends due and payable [promerites] by the ESH, and the maintenance of a performance guarantee which, according to the PRB itself, could go as high as 600 million francs.

Thus have we arrived at the circumstances which caused the failure of the latest negotiations.

At least one of the consortium members—Six Construct—refused to accept the PRB's conditions.

The reasons for this refusal are puzzling to observers who, while awaiting fuller explanations, do not fail to see competing interests which perhaps reach as far as groups situated above the financial pyramids.

Six Construct unsuccessfully demanded that the PRB declare itself responsible without limitation for the financial risks incurred by the ESH as the result of the latter's actions. It is said that such a guarantee which is without limitation in principle would involve several billion francs.

Internal Revenue Antigang Inquiry

It was learned simultaneously that the special services for the detection of large movements of [word of words illegible] (assimilable in the antigang squad on the internal revenue level) was making an inquiry into the hidden commissions which with the concurrence of the previous Minister of Finance the ESH paid out or was to pay out through the intermediary of three Swiss fiduciary companies. It is a question of determining in what measure these commissions; i.e., 8.5 billion francs, let us recall, were rebated to Belgian nationals.

This action which could aggravate the deficit posture of the ESH was taken because of the refusal to accept the agreement proposed by the PRB.

Be that as it may for the moment, the situation can be summarized in the following way, not counting the possible backlash which could be produced notably in the foreign trade sector.

The ESH is in a state of bankruptcy. The members of the consortium have the obligation of honoring the commitments made by their bankrupt associate, in addition to their own. Some 4,000 persons, including 400 Europeans, are working without security on a building site without real direction in Saudi Arabia. Saudi payments are still being withheld, and everything that Riyadh may have disbursed in the discharge of sums due between September 1978 and last Friday should fall within the framework of the ESH bankruptcy. For the PRB or the group of the General Company, from a sacrifice which could at the outset total 1.4 billion francs, the risk is reduced to only 600 million francs, the maximum amount of the combined guarantee falling to it as its share.

Finally, the greatest unknown is the attitude the Saudis themselves will adopt in an Islamic legal context whose affinities with European law are tenuous to say the least.

Government Stand Explained

Brussels LE SOIR in French 25 Jul 79 pp 1-2

[Article by Guy Depas]

[Text] Although it is demanding in the most formal manner possible that all the private groups engaged in the construction of hospitals in Saudi Arabia, no matter what it may cost them, complete their job in spite of the bankruptcy of the linchpin of their consortium, the government does not and will not envisage giving them the slightest financial assistance. That is the essential point which we brought away from the press conference held at noon on Tuesday by the minister of foreign affairs, Henri Simonet.

Speaking upon request, he said, and in the name of the government, the minister of foreign affairs had scathing words for the skill of the private initiative about which he commented, "The lack of precision, caution and sense of its responsibilities compromises the reputation of Belgian industry abroad and, in the final analysis, the prestige of the state itself."

Addressing himself through the newsmen present to the General Company of Belgium, the number one holding company of the country and mother company of Eurosystem Hospitalier through one of its principal subsidiaries now bankrupt, Simonet said, "The General Company of Belgium, which so willingly displays its moral force when it suits its purpose to remind others and most particularly public administrations of their responsibilities, would do well to remember the responsibilities it has in the present case and to take the steps required to permit the meeting of commitments made by Eurosystem."

"It is too simple for the company to purely and simply withdraw from a deal that turns sour," Simonet emphasized. "With its associates or those of its bankrupt subsidiary, it is important that the company take the action needed to cover the treasury deficit which has appeared," a deficit which the minister estimates at 3 to 4 billion francs.

"In any event," the head of our diplomatic corps went on to say, "if I were the managing director of the General Company of Belgium, that is what I would do."

Indicating in passing that the directors of this company had refrained from attending the meeting he had called Monday evening to attempt to analyze the situation created by Eurosystem, Simonet did not fail to issue certain threats: "It is clear," he said, "that if private groups do not help us when we have need of them, we will not be around when they appeal to the government." And so clarify his thought: "The government could deny the benefit of Dacroire insurance to companies who failed to meet their commitments in the present case..."

At the outset, the minister of foreign affairs had indicated that the present demarche which had been entrusted to him by the entire government is notably a reaction to the remarks made in certain quarters and the allegations made most particularly by the president of one of the majority parties.

(Ed. Note: Mr Van Miert, president of the BSO): "No confusion can exist," he said. "The government has played no part in this regrettable affair, and we would not be in this situation had the private groups done their job properly." The interventions of the court, he went on to say in response to a question, were limited, under the auspices of a minister, to an effort to promote Belgian interests by using the relations maintained with the Saudi royal family.

It is known that on Monday, as he came out of the BSP office, Van Miert denounced "the scandalous manner in which we became mixed up in Eurosystem affair," saying that he did not understand "how the government, other highly placed persons and even the court could have associated themselves with the crew of a gangster."

Politicians Incensed

Brussels LE SOIR in French 26 Jul 79 pp 1-2

[Article by Guy Depas]

[Text] "Eurosystem," the bankrupt linchpin of the consortium of nine Belgian companies unwisely engaged in the construction of a giant health complex in Saudi Arabia was the subject on Tuesday of resounding statements by the minister of foreign affairs, Henri Simonet, as mandated, he said, by the entire government.

These statements even had the unusual ring of a veritable declaration of war--at least that is the way they were taken--against the business sectors and most particularly the General Company of Belgium of which Eurosystem, through one of its principal subsidiaries, is an offshoot.

It seems that these statements were prompted by remarks made yesterday by Karel Van Miert, president of the Flemish Socialist Party. As we have already reported, he reviled what he says was the attitude in this affair of the private groups involved, the government and finally the court.

The situation is such that the bankruptcy of Eurosystem, whose fallout the foreign trade sector fears will impact upon all Belgian exports to developing countries, is at the point of assuming the dimensions of a veritable storm. And the storm is blowing not only on the financial sector but also on the political sector. A storm which certainly is not attenuating the presumption of a vast fiscal fraud undertaking, which certain persons are keeping alive and which prompted the minister of Finance, Gaston Geens, to put his bloodhounds and the Superior Control Committee on the trail of secret commissions paid within the framework of the Saudi contract.

We have also reported the remarks made by Simonet and the threats of retaliation which he issued in the event the private financial sector refused to assume what he called its responsibilities.

Such a reaction is not customary. And doubtless one could be amazed by the fact that the principal holding company of the country, thus directly implicated, has limited itself to stating that since Eurosystem is in the hands of the courts, it would not be appropriate to comment upon the events...

That said, were it not for the existence in the 35-billion franc contract of so-called secret commissions paid to no one really knows whom by the principal

organizer of the export consortium, the affair in spite of everything could be delimited, with the acknowledgement of certain errors which each party could attempt to correct; and a lesson for the future could suitably be drawn.

But there were secret commissions. And in the astronomical amount of 8.5 billion francs. Thus the series of developments...

As we have indicated above, the circumstances induced the minister of finance Gaston Geens, to turn loose the bloodhounds of the Internal Revenue on the trail of the "missing" billions. And questions were immediately asked which respect for legal fiscal secrecy prevented [him] from answering satisfactorily. Questions which led to others, moreover, and which permit certain persons to suggest the creation of a parliamentary commission to attempt to unravel the affair publicly. All of this permitted us finally to learn from the mouth of the minister of Finance himself that along with the inquiry which he ordered his services to initiate he has asked the Superior Control Committee to also take a look at the file. All of that has placed a cloud over Eurosystem and its involvement [tenants et aboutissants] in the affair, a cloud which is even more scandal-laden than anyone had imagined, rightly or wrongly, with possible repercussions for the administration sector. For some 18 months it appears, the Superior Control Committee has doubtless been intervening more and more frequently in fiscal matters. However, this is an aspect little known to this point of the mission undertaken in which those who are very worried will find small solace...

Be that as it may, at this stage in the game the reputation of Belgian industry on the foreign markets and the prestige of the state itself would no doubt suffer more than it would benefit from having a veil discreetly cast over the affair.

And even those who up to now have deplored the publicity generated are beginning to wish for the evil to be rooted out. And completely...

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GLISTRUP PARTY FACES POSSIBLE FRAGMENTATION

Oslo AFTENPOSTEN in Norwegian 29 Jun 79 p 9

[Article by Per Sabroe]

[Text] Mogens Glistrup's Progressive Party, Denmark's second largest party, is now threatened with a complete split because of a personal battle between Glistrup, the party's chairman, and part of the 26-member parliamentary group.

Since the Progressive Party received representation in parliament in 1972, it has carried out a compromise-free policy. But during the past year, half the parliamentary group has openly advocated negotiations in order to achieve practical results. The group is divided between the so-called "lax" members, who want compromises, and the so-called "strict" ones who want to conduct a strictly Progressive Party policy with large tax reductions and transfer of thousands of public employees to "productive work."

During the EC election campaign, one of the spokesmen for the "lax" members, Jorgen Junior, criticized Glistrup and, as punishment after the election, he was relieved of the right to run for office for the party during the next election.

However, the matter has had various consequences and has led to other internal party matters being given a public airing. Former vice chairman of the parliamentary group, Kresten Poulsgaard, says among other things that Glistrup associates with the wrong people--among them, the editor of the small newspaper DANSKE TIDENDE, Erik Haaest, who has written heroic books on Danish SS-members at the eastern front. In the same newspaper, another member of the Progressive Party, veterinarian T. Rieman, wrote an article on foreign workers in Denmark where he wrote, among other things, that "they multiply like rats."

There have been plenty of scandals involving the party's members and especially now in the heat of the campaign, the memory of last summer's scandal when one of the party's members of parliament, Mogens Voigt, announced publicly that political activity was so demanding that he had

become impotent. Later, he announced to the papers that he had shaken the ailment. The other day, the afternoon paper EKSTRABLADET came out with pictures and full names of a whole "catalog of criminals" from Progressive Party members against whom charges have been brought--and one who will be charged when the prohibition against child pornography takes effect, since he makes his living selling this type of pornography.

Glistrup places much of the blame for the Progressive Party's problems on the press, which has elicited various reactions from the press. Among the commentaries are retorts such as "the Progressive Party is moving in the right direction--out of Danish politics."

This is just what various other Danish parties are hoping for. The Progressive Party will hold its party congress in September and it can be tempting for the other parties in parliament to seek an early election, now that their opposition is divided. At the same time, it is possible that there will be a government crisis and an election early in October, since the parties in government, the Social Democrats and the Moderate Liberal Party, may have come to an agreement concerning the saving of several billion kroner in the national budget.

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FINANCE MINISTER PROPOSES TAX CUT IN 1981

Hamburg DER SPIEGEL in German 30 Jul 79 pp 19-20

[Text] Disinclined to electoral bribery, Finance Minister Hans Matthoefer will not promise the citizens relief in the matter of wages and income taxes until 1981 at the earliest. Preferring to reduce the Federal Republic's mass of debts instead of taxes, Matthoefer prepares for a tenacious battle with the opposition.

The glad tidings came from a bar. Last Monday night in the backroom of the Kessnicher Hof, usually the meeting place of the SPD "ditch diggers crew" around Minister Egon Franke, Finance Minister Hans Matthoefer told reporters about his latest inspiration: Taxes will be cut after the next Bundestag elections--from 1981 on.

The minister spoke, and the Wednesday morning editions took the message to the people. The Federal Minister of Finance had given the official seal of approval to that which, earlier, was routinely demanded by the opposition or impudently uttered by Free Democrats.

A few weeks earlier Matthoefer had pronounced the same shopworn words of wisdom at a Federal press conference--without any echo whatsoever. This time they made news.

On the earlier occasion Matthoefer said that in a country with a progressive tax tariff, tax rates had to be adjusted to inflation from time to time. If this did not happen, "income groups which had not even been considered before, (would) suffer intolerable progressions."

In the doldrums of summer Matthoefer made the headlines, although--advisedly--he refused to commit himself as to either the amount, type or effects of the intended tax relief which, though decided before the elections, would take effect only after the event. Matthoefer was disinclined to arouse undue expectations.

The finance minister was well aware that the hangover might become troublesome after the Bundestag elections. A tax reduction of some DM2.5 billion granted all persons gainfully employed, for example, will raise the disposable income of the individual taxpayer by only DM8.50 (on the average) per month.

Still, good news is hard to come by this rainy summer. Gasoline costs more than DM1 per liter, fuel oil is twice the price of last year. The general rate of inflation climbed to just below 4 percent in June. Nor can the possibility of wildcat strikes (in the metal industry, for example) be excluded for the fall (see p 26).

For some weeks past the Liberals, always concerned about voter preference, have tried to brighten the somber picture and predict early tax relief. At their mid-June Bremen party congress they produced a package which is to bring about DM5 billion worth of tax relief to workers, the middle class and business.

FDP tax expert Liselotte Funcke deftly made the most of these good intentions --definitely to the annoyance of the coalition partners. The latter considered all this noise to be premature.

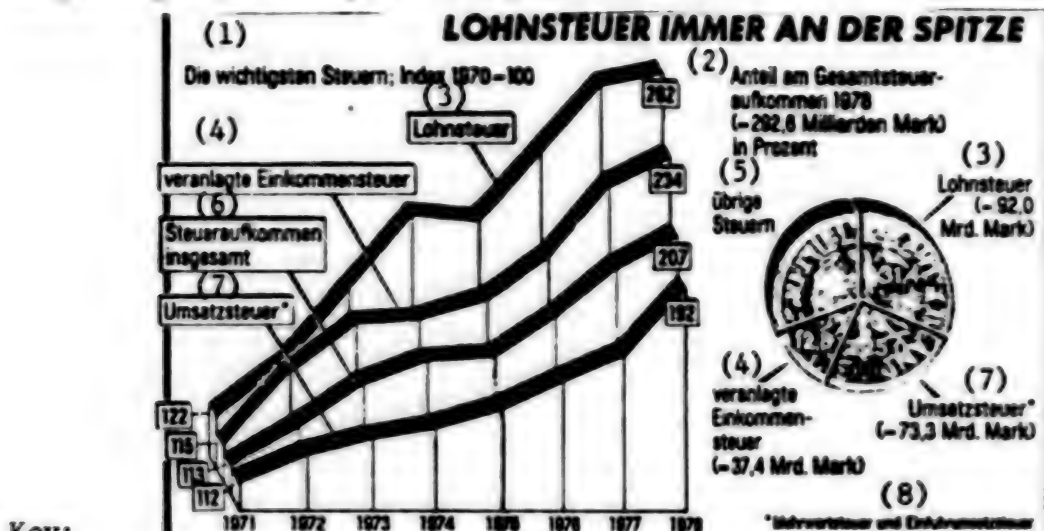
The Social Democrats had every intention of allowing themselves to be lauded for some months yet as the fiscally sound restorers of the federal budget--still lingering in a persistent deficit. Only later did they want to talk about tax cuts. SPD budget expert Heinz Westphal angrily commented the smaller partner's ingratiating attempts by saying: "The ensuing headlines are as ephemeral as mayflies."

Westphal also predicted that the Free Democrats would need nerves of steel. The same may now be said of Matthoefer, because the parliamentary SPD had entered the summer vacation with the resolve not to stimulate the recess by a debate on tax cuts.

However, the Social Democrat does justify his breakaway in sound social democratic terms: Care must be taken to prevent the likelihood that, soon, skilled workers may again have to yield to the state 50 percent of every additional mark earned in the form of taxes and social charges.

According to the forecasts the yield of wages and income taxes, which jumped substantially in past years (see graph), will rise by more than 12 percent in 1980. On the other hand the total of gross wages and salaries will increase by only just over 6 percent. This means: A growing number of employed persons will suffer a severe tax bite at an income of DM16,000 for single people and DM32,000 for married couples, that is at the point where tax progression begins.

Graph--Wages Tax Always at the Head



As might be expected, Matthoefer does not admit having been influenced by electioneering considerations. Taxes, he said, had been cut in 1978 and 1979, and in the election year 1980 nothing would happen, which had not already been enacted. According to Matthoefer, therefore, tax relief in 1981 could not be assumed to have anything to do with the elections: "The voter appreciates the total effort, not a policy of occasional bribes."

To tell the truth, should he be thought of only as the obstacle to popular tax cuts, Matthoefer might well be concerned with a lack of appreciation for his overall achievements as finance minister. Moreover, the Social Democrat observed the opportunity in order finally to oblige the FDP to forego burdening the budgets with gifts in the shape of tax cuts in 1980. Despite the urging of the opposition Matthoefer intends to hold firm in the election year, using surplus revenue exclusively for the reduction of the mass of debts.

The extent and method of subsequent tax relief will, according to the finance minister, depend on the trend of the economy. Matthoefer's conditions: The economy should not run so hot that tax relief might fuel inflation; at the same time the inflow of tax revenue should be abundant.

Not until next spring does the finance minister intend to decide--on the basis of the data then available--how much money he can spare for tax benefits. "Anything else would be rank amateurishness."

In any case the finance minister has little scope for easing the progressive effects of the tax rate in the specially afflicted group of affluent skilled workers. About the most advisable step here would be a change in the tax rate which, in this income group, climbs steeply from 22 percent upward.

Yet such a step would be very costly indeed. The finance minister would consider going much too far a tax cut by at least DM10 billion, such as has been proposed by Bavarian Finance Minister Max Streibl (CSU) and his Rhineland-Palatinate counterpart Johann Wilhelm Gaddum (CDU).

All that remains, therefore, is an increase in the tax allowance. Here the FDP has already stated well defined priorities. Mrs Funcke proposed raising the lump sum professional expenses allowance from DM564 to DM936 and, at the same time, transforming the current mileage allowance into a lump sum distance allowance. Cost: DM1.5 billion.

This measure is highly praised by the FDP because it does not only relieve the taxpayer but also contributes to a simplification of the system and provides an incentive for energy saving. The latter because in future, in addition to car drivers, public transport users, cyclists and pedestrians as well as members of carpools would be able to claim the mileage allowance.

Thus far Matthoefer is prepared to go also. The Social Democrats, though, are not willing to finance generous tax breaks for business, including the abolition of the trade tax as proposed by the Liberals.

The FDP is left with the consolation that, in the next 2 years, its business clients will receive donations which were already praised in 1978: The abolition of the payroll tax and relief with regard to the trade earnings tax.

The real election battle about taxes will proceed in the Union-dominated upper chamber. There Matthoefer will have to prove his mettle in the face of the greed of Christian Democrat politicians. Certified economist Matthoefer is already practicing harsh words about his predecessor in office and future chief opponent: Franz Josef Strauss.

After reading a stack of Strauss publications on the topic economics and finance, the minister concluded that this man "is not a sound economist." According to Matthoefer Strauss seems to lack those 3 years of intensive preoccupation with economic topics, "which are the least needed for turning a good practitioner into a good analyst."

11698
CSO: 3103

MEANINGFUL FINNISH-U.S. FOREIGN POLICY DIALOG PROVES ELUSIVE

Helsinki DEMARI in Finnish 29 Jun 79 p 3

[Commentary by Osmo Apunen: "A Finnish Dialog"]

[Text] Once a politician rises to a leading political position in Finland he must possess the ability to keep his tongue in the center of his mouth when talking about relations with the East. The treatment of Johannes Virolainen demonstrates that even a high-level politician can in this matter receive the axe. The corresponding ability when talking about Western politics is to keep one's tongue securely in both cheeks.

Any foreign policy discussion must be conducted under those conditions. And if there is no discussion, then in the West there arises a cry of cowardice. In this we have a permanent foreign policy dilemma or a difficult choice.

This is approximately that premise on the basis of which an observer from the West initiates a foreign policy discussion with the Finns. Looked at from a distance the features and antitheses of this picture are sharp, the dimensions are distorted. But the combination of symptoms itself returns to one and the same.

The problem concerning information about our foreign policy abroad is in whether we attempt to correct the worse distortions of this combination of symptoms and increase the features in it or whether we attempt to tackle the basic problem itself or the conditions and problems of the foreign policy discussion in Finland. This was once again brought to our attention on one fine June day in Haiko where a prestigious group of researchers, foreign policy planners, and decisionmakers assembled to discuss the international situation, in general, and the Nordic area, in particular. The participants were from Finland and the United States.

The occasion itself was an important opening for the Foreign Policy Institute in an area in which Finnish views have been little heard, even then few and at times selected in a curious manner. The opposite side consisted of a cordon, which was put together in Washington by the Georgetown University Research Institute, the same institute from whose auspices last week

proponents of Finlandization -- Walter Laqueur and the so-called Onni Manni, among others -- threw mud at the facade of Finland's foreign policy.

The emphatic advice of the Foreign Ministry to the Finnish participants was that above all correct answers should be given to the American visitors. The instructions of the American visitors -- presumably received from their own State Department -- for their part presupposed that we Finns are not to be presented with questions to which correct answers should be given. Thus, Finnish and Soviet relations were as a matter of fact not discussed at all. Instead, the Americans tried to offer correct answers to those questions which we Finns, on the other hand, were not very willing to pose. Thus, our American visitors analyzed conclusions about such a Soviet military threat which we Finns have not succeeded in observing from our nearby vantage point.

In fact, everything went according to Finnish designs. Nothing annoying was allowed to rise to the surface. Except for the annoying feeling that annoying issues cannot get to the surface. Both sides were seriously affected by the Finnish syndrome or the combination of symptoms.

We cannot get out of this situation by offering correct answers. Let us leave this to the footwork of skillful diplomats. The British perhaps exaggerated a little when they said that sea travel is unavoidable, life is not. For us Finns an open and bold discussion that analyzes and goes into the problem is the only lasting solution to the Finn's dilemma in dealing with the Americans.

10576

C50: 3107

SKP WEIGHS EFFECTIVENESS OF GOVERNMENT PARTICIPATION

Disunity Diminishes Impact

Helsinki DEMARI in Finnish 7 Jul 79 p 20

[Article: "Finnish Communist Party Deliberated Government Policy: Brought Supporters -- Took Away Supporters"]

[Text] "The participation of our party and the SKDL [Finnish Peoples Democratic League] in the government under the conditions of an economic recession and mass unemployment affected the outcome of the elections..."

"By responsible work in the government the SKP [Finnish Communist Party] and the SKDL succeeded in significantly dispelling anticommunist fear factors among our people and in building trust..."

At a meeting held on 20 June the Central Committee of the SKP drew its conclusions on the participation of people's democrats in government work. The success in the winter--spring Diet elections was also up for deliberation. The evaluations and conclusions of the Central Committee were published in KANSAN UUTiset on 4-5 July.

The Central Committee was not able to outline an unambiguous stand with respect to participation in the government. On the one hand, inclusion is seen as a method of increasing supporters and, on the other hand, as a means of reducing the number of supporters.

As one might expect, the SKP's internal situation also came up for the evaluation of the Central Committee. In weighing the election results the Central Committee came to the conclusion that "the disengagement of the factions around TIEDONANTAJA into an opposing camp criticizing the government" to a great degree served the rightwing's propaganda about the "need for a change". The undertaking of the Taistoites are, perhaps, seen as a partial reason for the resurgence of the Vennamoites.

It is considered that the party's internal situation has made the party's election work more difficult:

"The promotion of two clearly different political lines among the people has aroused indecision and doubts with respect to our party. It weakened our appeal especially among new voters and in new layers of the working class..."

The Central Committee considers that if the election work of the various factions of the party had been at least as united as during the opposition era of the SKDL, this circumstance would of itself have been probably sufficient to prevent an election defeat. According to the Central Committee the SKP was not "even this time" able to organize a sufficiently broad political mass campaign for the purpose of supporting participation in the government. In part this was a result of the opposition stand of the Taistoites with respect to the government as well as the attacks of the SKDL against the ministers.

It is considered that the party's internal situation is weakening the SKP's chances to increase support in those factions which the Central Committee calls the new layers of the working class. Therefore, it is making an appeal that an attempt be made to overcome differences. At least conflicts should not be emphasized in political work.

Identification With Others Should Be Avoided

The SKP intends to continue as a ruling party. Participation in the government itself is not being made questionable. Instead, the Central Committee is concerned about how to keep the party's picture clear in the muddy waters of government politics. The need to take the ideas and opinions of other parties into consideration is seen as a condition for cooperation. Such a line can be adopted as long as identification with other parties in the government is carefully monitored, states the Central Committee.

According to the evaluation of the Central Committee the chief factors in government policies have been the SDP [Social Democratic Party] and the Center Party. The SKDL/SKP has been the third largest political force. This according to the Central Committee has continually ensured that the government's achievements have been easily marked with the stamp of the chief ruling parties.

From the Central Committee's evaluation it becomes clear that the SKP would have liked to have been better prepared in government policies than it has been due to the opportunities available to it. The main reason for these poorly considered opportunities has been -- and continues to be -- the dissension within the party. According to the Central Committee the SKP needs a significantly broader mass movement than for which it has had the opportunities for the purpose of supporting its government work.

The Central Committee divides the most important tasks facing the SKP into six groups. The first is the development of mass movements. The second is the need to secure people's democratic support among the traditional working class. The third group mentions new wage earning segments. The fourth

group applies to youth. Also questions of equality are seen as important factors with respect to future support. In its sixth point the Central Committee refers to the party's internal situation. In this respect special attention is given to improving the activities of the primary organizations.

Stalinists Condemn Timidity

Helsinki TIEDONANTAJA in Finnish 10 Jul 79 p 2

[Editorial: "Finnish Historical Falsification"]

[Text] The fact that the SKP's leadership has unfortunately not been able to compile a unanimous evaluation of the government question has only given cause for speculation on this matter. KANSAN UUTISET published a large document presented as the SKP's evaluation of its government experience. However, this document did not receive unanimous support in the Politburo. Therefore, it is not an evaluation by the SKP, but an evaluation by those comrades who are in the majority in the Politburo, as was expressed by the complaints in the basic proposal on the evaluation.

Yesterday's UUSI SUOMI is thus correct in stating that the document in question reveals the opinions of the majority in the SKP's leadership, but concludes incorrectly in arguing that it is at the same time a question of an official line. This, this evaluation can never be since it is not objective, but is intended to support current government policy and the participation of certain Communists in it.

In government matters the official line of the SKP is that participation in government corresponds with the decisions made by the party on domestic and economic policy matters. The government's policy differs in its content from the official policy line of the SKP. Also nearly all the individual decisions are contrary to the decisions of the party.

In the lead article of KOKKUNEN reference was made to the SKP's 7th Congress, which supported the participation of Communists at that time in an antifascist government. A gross historical error is being made, however, if present participation in government is supported by the decision of that congress.

At that time the party did not hang on the shirrtails of social democratic policy as it does now, but determined its own policy. At that time fascism was rooted out of society and the positions of the rightwing and the extreme rightwing were not becoming stronger as they are now. At that time the SKP's policy was a clear and correctly based policy and was not identified with the income policy of the capitalists as it is now. At that time the party struggled with the masses to support real wages and was not on the side of negating and postponing wage increases as certain people are today. At that time the party provided an impetus to mass movements and was not afraid of disturbing higher levels as certain ones are today. At that time the party gained additional political support with a correct class conscious policy

and did not lose it as it is doing now. At that time there was not one single person in the party who would have proposed an historical compromise in cooperation with the bourgeoisie and have entirely forgotten cooperation with the working masses as is the case today. And the list goes on.

The bourgeois and social democratic newspapers are correct when writing about the difficult government problems of the Communists. It is completely needless to add fuel to this writing with historical distortions in conformity with historical compromises.

The weak political success of the Communists has nothing to do with the structural changes now taking place in society. It is purely a question of the fact that the Communists' own alternative under the conditions of these structural changes is not apparent and that their own policies are being made only according to the dictates of others. This kind of an "indigenous policy" cannot but result in a loss of support under any conditions as well as during an era of structural changes. If the Communists' own clear policy were now apparent under these conditions, communist advancement would be certain. But the courage to accept this opportunity is not there. We should dare to accept it.

No Compromise in Sight

Helsinki UUSI SUOMI in Finnish 12 Jul 79 p 2

[Editorial: "SKP's Analyses"]

[Text] The SKP Central Committee's two-part analysis of the present situation, published in KANSAN UUTISET, left the overwhelming impression that explanations can, indeed, be found for the defeats, but it is more difficult to find the means for improvement.

A discussion of these analyses has arisen with TIEDONANTAJA's criticism of this evaluation and with the answer to it in KANSAN UUTISET. The familiar controversy concerning the results of government policy is not nearly as interesting as the understanding of the party's procedures and history.

According to TIEDONANTAJA the policy line of the majority in the Central Committee is not and cannot ever be the party's official line since it is not "objective". Thus it is a question of a dispute over correct dogma typical to a dogmatic party. Since according to TIEDONANTAJA the SKP majority is heretical, no attention should be paid to its decisions whatever democratic centralism might say.

KANSAN UUTISET did not give a strong answer to TIEDONANTAJA's interpretation, but stated that the demand for unanimous decisions would result in being dictated to by the minority. And this is what has happened, the SKP's majority has submitted itself to the continuation of minority insubordination in order to preserve party support, but also for the sake of proletarian internationalism. Indeed, according to Lenin's party doctrine Sinisalo and other complainers should be immediately expelled.

Saarinen's camp has sought a basis for party conciliation by referring to the government base at the end of the 1940's. TIEDONANTAJA categorically rejects the comparison. According to the minority "at that time the party gained additional political support with a correct class conscious policy". This is not at all in line with, for example, the election results of the years 1947-1948. However, in this discussion it is not at all a question of finding the truth but of dealing with today's problems through historical allegories. In this sense there is even a similarity with the Chinese model.

In a concrete sense the SKP's majority emphasizes the decimation of functionaries. However, the Central Committee does not say how this would occur. The fostering of revolutionary romanticism is not sufficient for this.

1057

CSO: 3107

ATOM PLANT SURPASSING HYDRO AS ELECTRICAL POWER SOURCE

Helsinki Helsingin Sanomat in Finnish 16 Jul 79 p 20

[Article: "Nuclear Power Has Surpassed Hydro in Production of Electricity"]

[Text] The production of electricity by means of nuclear power is surpassing the traditional hydro source of electric energy. Last April more electricity was produced from nuclear power than from hydro power for the first time.

The twin power plants of Olkiluoto and Loviisa, which will be completed by the end of this year, will double the amount of electricity produced by nuclear power. At that time Finland will have moved permanently into the nuclear era since hydro power will no longer be able to compete with nuclear power in the production of electricity.

At the beginning of the next decade Finland will have an extraordinary capacity for electric production. The proportion of nuclear power in the production of electric energy will at that time increase to 35 percent. Internationally Finland will in practice be a summit country of nuclear power such as, for example, France which at the beginning of the next decade will produce half of its electric energy from nuclear power.

Last year Imatra Power produced one-fifth of its electricity by means of nuclear power, one-fourth by hydro power, and a little less than half by means of thermal power obtained from coal and oil. A little less than 10 percent of Imatra Power's electricity was imported from the Soviet Union and Sweden.

The fact that nuclear power surpassed hydro power in April was primarily the result of an unfavorable situation with respect to water. There was less water available than in many years or one-third less than the average.

Spring floods, however, improved the situation for the power companies so that the amount of water quickly returned to normal. Because of the water situation, coal reserves were reduced to an exceptionally low level, but the the exporting of electricity was also exceptionally greater.

For example, during last April Imatra Power exported as much electricity to Sweden as during all of last year. It is expected that electric energy exports will continue to be great throughout the whole summer except for June. In the month of June cheap temporary imports of electricity from Sweden have been traditional.

10576

CSO: 3107

UNEXPECTED POLISH NAVAL VISIT TO HELSINKI

Helsinki HELSINGIN SANOMAT in Finnish 20 Jun 79 p 9

[Article by Jaakko Vitikka: "Warship Arrives Unexpectedly, Officials Perplexed"]

[Text] There was complete bewilderment at the Harmaja Pilot Station outside of Helsinki last Friday at 7:30 A.M. A grey warship, which eagerly requested a pilot, was approaching Helsinki from the direction of the Kasuuni Lighthouse. The pilots had no knowledge of the nationality of the ship, visibility was poor due to the bad weather. An urgent telephone call from Harmaja to various officials did not produce any results, no one knew anything about this "naval visit".

Pilot Yrjo Malinen was the next person on duty and went out to take care of his business. Approximately at the same time a boat from the Kuninkaansaari Coast Guard Station went out to have a look at the arriving ship. The coast guard unit of the Suomenlinna Coast Artillery Regiment had observed the Polish ship with its radar for some time already, but visual verification was not possible beyond 4 kilometers due to the limited visibility.

"Under Observation for a Long Time"

According to the information section of the naval staff as well as the general staff, the first information about this strange warship came from the coastal observation station. "It was under observation for a long time," stated a certain officer responsible for observation.

The Polish ship was allowed to enter from Kustaanmiekka Strait since it was considerably easier to observe it in a harbor area than on the open sea.

Pilot Malinen stated that he was somewhat bewildered upon boarding the ship, which at the time of his arrival had already approached Harmaja beyond the normal piloting limits. The ship's gunwales were manned by well-disciplined sailors in the best training ship style while the chief waited for a liaison officer to board in addition to the pilot.

The Wodnik's chief asked Malinen, "Where is the liaison officer?" Malinen stated that there is no liaison officer and that this is apparently a mistake. There followed an animated discussion in which a certain officer who was able to speak English acted as an interpreter. Malinen informed the chief that they would now go to Kruunuvuorenselka and drop anchor. This order had come from the naval staff via Harmaja.

However, the Poles had a written order to proceed to Helsinki after the accomplishment of a naval visit to Leningrad and according to Malinen the ship's chief still had the understanding that, perhaps, there was no error, but only some kind of confusion.

Matters began to clear up, however, when a boat arrived from Katajanokka with a Lieutenant Captain Ilkka Lehmus and the Polish Consul. Lehmus made contact by radio from the ship with the general staff and explained to the chief that his written order was without verification. No one had invited the Wodnik to Finland.

The Polish consul, who had come along, confirmed the information that the 70-meter long training vessel constructed in the early 1970's had not been invited. The situation being thus, the chief of the ship had no other choice but to make preparations for returning to the open seas and toward his homeland. The Polish ship lifted its anchor around 2:30 P.M. and directed its course toward the sea south of Helsinki under the guidance of Heikki Pietarinen, the pilot who had replaced Malinen.

The chief of the training ship Wodnik, who was only carrying out orders, was not the scapegoat of this visit that concluded ignominiously.

According to Second Secretary Janusz Rychlak of the Polish Embassy in Helsinki, the confusion was apparently the result of the fact that the original intent of the training ship was to visit Helsinki after Leningrad, but for some reason or another plans were changed. Rychlak was not able to say why the chief of the ship was not informed of this change. According to him, the matter will be investigated.

Assistant State Secretary Keijo Korhonen, who works in the political section of the Finnish Foreign Ministry, had dealt with the matter, but does not consider that he can make any comments.

The Coast Guard staff has conducted an investigation of the Wodnik's visit, but it apparently will not make it public.

10576
CSO: 3107

SOVIETS STOP FINNISH SAILBOATS ON HIGH SEAS

Helsinki HELSINGIN SANOMAT in Finnish 19 Jun 79 p 8

[Article: "Soviet Union Stopped Finnish Sailboats in High Sea Race"]

[Text] The sailboat races on the high seas ended on a sad note for two Finnish sailboats last Saturday. Soviet warships stopped two 11-meter half-ton sailboats on their course in international waters outside of the Helsinki Lighthouse.

One of the skippers admits that he may have possibly crossed over into Soviet waters, the other categorically denies this. Both sailboats were stopped in international waters when the Soviets permitted them to continue their course after an interrogation. Naturally, the race was lost for both of them.

The detained boats were Reijo Nykanen's Calamity Jane as well as Teddy Weber's Misty, both of them well-known open sea sailboats, to which nothing like this had ever happened before. Nykanen admits that he may have possibly turned too close to the Tallin shelf, Weber believes that he was outside of Soviet waters the whole time.

According to Weber other sailboats in the race were closer to the Soviet border than his ship and Soviet officials did not interfere. According to him the Soviets showed him a sea map in which the border of their territorial waters was closer to the Finnish shore than what the Finnish sea maps indicate.

The Coast Guard in the Gulf of Finland is, for the time being, not taking any stand on this matter. The borders at sea are defined by mutual agreements and sailboat operators must, of course, observe them.

The sea border in the Gulf of Finland is such that on the Soviet side its distance is 12 nautical miles from the most far-reaching reefs. On the Finnish side the distance is considerably shorter, only 4 nautical miles. In between these borders lies the area of international waters, which is used during open sea regattas.

The Gulf of Finland is at its narrowest near the Porkkala Peninsula, here the regulated territorial waters overlap and thus a so-called center line system has been agreed upon. However, last Saturday there was an interpretation of the so-called broken line system about which a 1956 law states the following: "There where the interval between the most far-reaching terrain is at its greatest two times that of the width of territorial waters or 8 nautical miles, these points of terrain are thought to be connected by a direct line. The territorial water border is indicated by a straight line 4 nautical miles out to sea at the corresponding point."

The lines mentioned in the text of the agreement are tangent to each other at the narrowest points. There is a separate agreement concerning the borders of fishing areas between Finland and the Soviet Union and these borders do not exactly correspond with the regular sea borders.

The events of the type that took place last Saturday occur very infrequently. In general, ships stopped by Soviet officials have strayed from their course and have not been a part of any race.

10576

CSO: 3107

VALMET TO BUILD TWO LARGE RO-RO SHIPS FOR USSR

Helsinki HELSINGIN SANOMAT in Finnish 30 Jun 79 p 17

[Article: "Valmet Concluded 400-Million Markka Ship Transaction: Two Ro-Ro Ships for the Soviet Union"]

[Text] After several months of tough negotiations the Valmet Corporation signed an agreement on Friday with the Soviet Union for the delivery of two large ro-ro ships.

According to the Finns this approximately 400-million markka transaction is a demonstration of considerable confidence in Finland's shipbuilding and machine shop industry.

Three years ago Valmet delivered to the Soviet Union two sister ships of the ships now being ordered, which according to the company had left a positive impression with the customer. According to Valmet the ships which have been in operation have aroused considerable attention in international sea circles. At the time they were built they were the world's largest ro-ro ships.

The two ro-ro ships will keep Valmet's Vuosaari dock busy for a year and a half. In addition to these two new ships, two large barges are being constructed on the docks for the Soviet Union. The first of these ships is already traveling between the Black Sea and the Far East, the second will be ready next November.

Greatest Length 205 Meters

The 22,000 dwt. ro-ro ships to be delivered to the Soviet V/O Sudoinports will be used for ocean-going traffic by the Leningrad Baltic Line. Construction of the first ship will commence this coming winter and the ships will be completed in 1981.

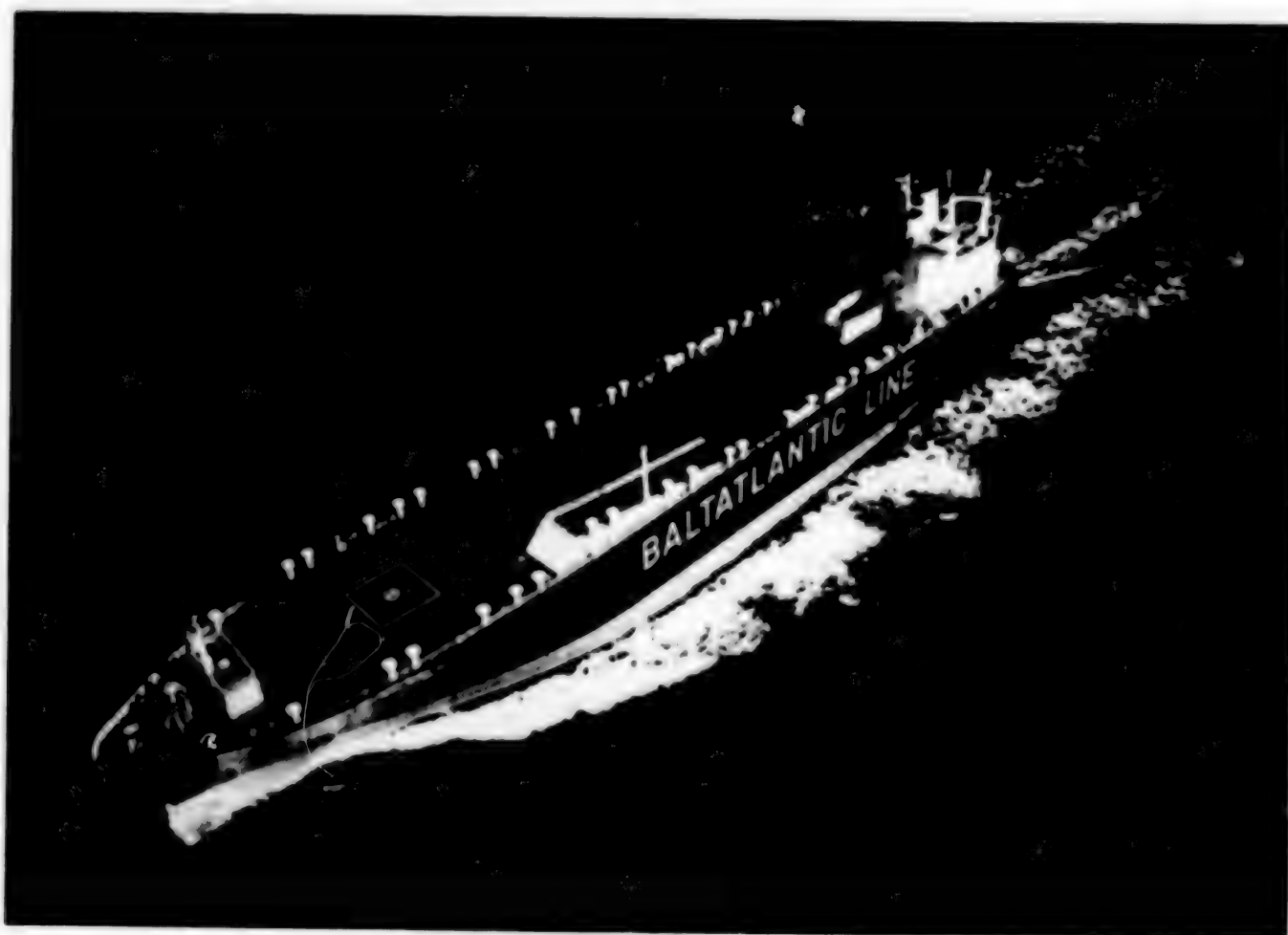
The greatest length of the ships to be constructed is 205 meters, the width is 31 meters, and the height is 22 meters. The ship will be equipped with five decks, onto which all shapes and kinds of cargo can be loaded from the

back by means of a so-called angular ramp which can handle 7-meter wide and 60-ton loads.

The total length of the slips on the decks is nearly 6 kilometers, which corresponds to more than 200 trailer loads of cargo as well as approximately 300 automobiles.

The Valmet equipment to be delivered along with both ships includes four 35-ton, two 16-ton, and two 4-ton fork lifts.

In addition to this, the delivery also includes three so-called tug boats for handling rafts. As opposed to the sister ships deck hatches will not be constructed on the new ships. Instead the number of detachable auto decks will be increased.



The ro-ro ships purchased by the Soviet Union are the sister ships of the MS. Magnitogorsk delivered to the Soviet Union 3 years ago.

FINNS TO DEVELOP PORT FOR ST. LUCIA'S CAPITAL

Helsinki DEMARI in Finnish 28 Jun 79 p 4

[Article: "Finland to Build Port in the Carribean"]

[Excerpt] Finland will be developing the port of Castries, the capital city of the island state of St. Lucia in the Carribean Sea. On Wednesday the Foreign Ministry approved 300,000 markkas for the purpose of funding consulting services in connection with the development of the port.

An official request for assistance was presented by John Compton, the prime minister of St. Lucia.

Development work on the port of Castries has been going on since 1972. The development project is being directed by Jukka Nieminen, a Finnish sea captain who is acting as a United Nations expert.

The consulting work coming from Finland will commence in the beginning of July.

10576

CSO: 3107

FINNISH EXPERTS TO HELP PLAN SUDANESE AGRICULTURAL DEVELOPMENT

Helsinki HELSINGIN SANOMAT in Finnish 8 Jul 79 p 28

[Article: "Agricultural Planning from Finland to Sudan"]

[Text] Finnish experts will attempt to determine opportunities for large-scale agricultural development in the area of the so-called White Nile in the southern part of Sudan by means of cooperative development aid.

The export group Pinnagro Company established last March by Hankkija, Kemira, Perusyhtymä, and Valio and the Foreign Ministry have signed a consulting agreement concerning clarification work.

The agreement concerns the accomplishment of a consulting and planning program for agricultural development and a foodstuffs industry. It includes, among other things, a plan for two creameries. The project, which is to begin next October, will last approximately 14 months.

"In this phase our goal is to determine whether the area's nomads can be trained to become farmers. Naturally, the long-term goal is the exporting of various equipment and technical knowledge," stated Counselor of Commerce Kalle J. Hirvi, chairman of the Pinnagro board of directors.

The agreement of cooperation and development between Finland and Sudan was signed in May when the Sudanese Agricultural Ministry was visiting in Finland. According to this agreement Finland will give Sudan development aid by compiling a consulting and planning program for agricultural development and a foodstuffs industry as well as by accomplishing a consulting program concerning forest management and the forest industry.

This planning agreement was signed Department Chief Wilhelm Breitstein of the Foreign Ministry as well as Counselor of Commerce Kalle J. Hirvi and Production Director Matti Rekola of the Pinnagro Company.

10576
CSO: 3107

VALMET AND VOLVO TO COOPERATE IN TRACTOR PRODUCTION

Helsinki UUSI SUOMI in Finnish 21 Jun 79 p 14

[Article: "Valmet and Volvo Tractor Agreement Born, Cooperation Also Expanding in Forest Machinery Production"]

[Text] The cooperation regarding Valmet and Volvo tractors is also expanding to the production of forest machinery. After having concluded the co-operative agreement on tractors yesterday Valmet's Managing Director Jaakko Ihmunttila announced the decision to begin negotiations for the unification of forest machinery operations. The parties concerned believe that a forest machinery agreement can be reached sometime during this year.

According to the agreement, which is still subject to final approval by the workers of the corporations and the Volvo Eskilstun plants, the combined tractor production will be moved to Valmet's Suolahti plants. A joint company will be established in Eskilstun, Sweden, for marketing of the tractors and production development.

In the near future Valmet and Volvo BM will begin negotiations on the unification of forest machinery production. According to initial plans forest machinery would be manufactured in both countries. Load carrying forest tractors would be produced by Valmet and harvesters as well as processors would be produced in Sweden under the direction of Valmet by Umea Mekaniska AB, which would be owned by Valmet and Volvo on a 50 percent basis.

Minister Olavi J. Mattila, chairman of Valmet's board of directors, hopes that the negotiations on forest machinery cooperation and the reaching of an agreement will occur as soon as possible. The companies are promoting the unification of forest machinery production for the same reasons that they promoted the unification of tractor production, the rationalization of production development and the maintenance of the competitiveness of Nordic countries in small markets.

Last year the turnover for Valmet's forest machinery production was 70 million markkas and Volvo's was more than 33 million markkas.

New Tractors in 1982

Both companies will continue tractor production at the present level for another couple years. The new Finnish-Swedish tractor will not be completed at the Suolahti plants until 1982. Seven basic types of this tractor, which is without a name for the time being, will be produced.

A division of labor with respect to partial operations will take place in such a way that Volvo will produce the 6-cylinder diesel motors, cab, gears, cog wheels, and axles for the larger tractors. Valmet for its part will manufacture 3- and 4-cylinder diesel motors, which will also be installed in Volvo BM's earth moving equipment and threshing machines as well as the hydraulics.

Marketing Share to 30 Percent

According to Olavi Koponen, director of Valmet's tractor section, the purpose of this combined tractor production is a greater marketing share in the Nordic countries.

"In the Nordic countries our intent is to achieve approximately 30 percent of the market during the 1980's. At this time Volvo's share of Sweden's market is a little less than this figure and Valmet's share in Finland is a full 26 percent. While on the other hand, the markets in Denmark and Norway are controlled by other trademarks," states Koponen.

He considers an invasion of the Danish and Norwegian markets to be one of the more important goals of joint tractor production.

In Ihamuotila's opinion the problem for Valmet and Volvo has been the manufacturing of tractor models suitable for the Nordic countries. Once the agreement is accomplished it will be possible to improve production development and obtain a tractor capable of competing in our markets.

In addition to the Nordic countries, Volvo and Valmet intend to step up their marketing elsewhere in Europe and on the American continent. Valmet's Brazilian production agreement will not, for the time being, be affected.

A Marketing Corporation in Eskilstun

A joint corporation to be established in Eskilstun will be responsible for the marketing and production development of the new tractors. The capital stock of the corporation will be approximately 33 million markkas, which will be controlled on a 50-percent basis by both companies. The managing director of the marketing corporation will be Nils-Erik Ohlson, the present director of the agricultural division of Volvo BM.

The marketing corporation will begin its operations next fall.

Turnover in Billions

In the initial phase it is calculated that the turnover of the joint tractor production will be in the billions of markkas. The present turnover of Valmet's tractor section is 450 million markkas.

It is intended to increase production to 10,000 tractors in a year. Presently Valmet's production is 4,000 tractors and Volvo's production is 6,000 tractors in a year.

According to Ihmuotila, cooperation at this stage does not mean large investments or new jobs. However, in the next decade it is possible that the number of personnel at the Suolahti plants will increase by 100 people.

A Good Example of Cooperation

Ihmuotila considers the agreement to be a good example of Nordic cooperation at the enterprise level. The unification of resources guarantees the future of the tractor industry in the Nordic countries.

"Rational arguments and economic principles affected the conclusion of an agreement. There would not have been room for two tractor manufacturers in the small markets of the Nordic countries. Now we can concentrate on product development and marketing outside of the Nordic countries," continued Ihmuotila.

10576

CSO: 3107

KEMIRA SEEKING INVOLVEMENT IN ESTONIAN PHOSPHATE MINING

Helsinki KANSAN UUTISET in Finnish 29 Jun 79 p 1

[Article: "Larger Than Kostamus Project: Kemira Negotiating Over Toolse"]

[Text] For some time already the Kemira Corporation has conducted negotiations concerning the participation of the corporation in the exploitation of the Toolse phosphate deposit in Estonia.

Yrjo Pessi, general manager of the corporation, estimated that Toolse will become a larger project than Kostamus. Even though exact plans do not yet exist, it is expected that a mine, refinery, and housing area will be constructed.

The Kemira Corporation has offered developmental experience and knowledge, which it has accumulated in the exploitation of the Siilinjärvi Apatite deposit. According to General Manager Pessi the experiences gained in the concentration methods at Siilinjärvi, in particular, would be suitable for use at Toolse. However, for the time being there is no exact information available concerning the size of the Toolse deposit and the plans for its exploitation. It is, however, known that the deposit is quite large and additional ore is being found in continuing studies. According to Pessi a rough estimate made on the basis of this information and approximate exploitation plans has made it clear that it is a question of a project larger than Kostamus.

The concentration of phosphate ores is relatively easy since great differences appear in them with respect to the method of their formation and the secondary minerals contained in them. In addition to the minerals from Siilinjärvi, the Kemira Corporation has studied phosphate ore samples obtained from various parts of the world. Based on this experience it is believed that the corporation is capable of finding the most economical and technically beneficial system of concentrating ores also in Toolse.

The most important phosphate deposit in our country is Sokli, which is located in Lapland and which is being researched by the Rautaruukki Corporation. The proven ore reserves at Sokli are approximately 100 million tons. The corporation is conducting research connected with the technical exploitation of this deposit.

No decision has as yet been made on the digging of a mine at Sokli even though demands for this have been made from various quarters from the point of view of providing jobs.

GROUND FORCES WEAPONS SEEN BECOMING MORE STANDARDIZED

Paris L'USINE NOUVELLE in French 28 Jun 79 p 57

[Article by Georges Le Gall]

[Text] Alpha-Jet, Jaguar, Tornado...there has already been cooperation in the field of aeronautics. It cannot fail to increase in the area of ground forces materiel, with the object being to reduce the net cost while extending the life of the weapons series.

To modernize its army with armored troop transport vehicles, will the Belgian Government select the French VAB (armored front-line vehicle built by Renault Industrial Vehicles and Creusot-Loire for the past 3 years and produced at the rate of 45 per month--30 for France and 15 for export)? Or will it prefer a U.S. weapon?

The choice will be made at the beginning of July. It will depend upon a variety of technical (the weapon's performance) and economic (compensation offered by the suppliers) reasons. There are some major issues at stake, since there will be a market for 1,100 vehicles worth 4.5 billion French francs. Of course, if the VAB is chosen, so much the better. If the U.S. materiel is selected, however, there is no point in crying scandal: How about the recent decision of the U.S. Government in choosing French weapons (Dassault planes and Aerospatiale helicopters) to re-equip its Coast Guard--can that be considered scandalous?

Nonetheless, the order of the day is European cooperation in the field of ground forces weapons. Thus, in their efforts to obtain the market for the VLTT (light troop transport vehicle) which was called in to replace the famous "jeep" used by the French army, the three competing French companies sought out foreign partnerships: Renault Industrial Vehicles linked itself with Fiat, Peugeot with Mercedes, and Citroen with Volkswagen. Likewise, the French and German governments are studying the possibility of jointly manufacturing the next generation heavy-duty tank to replace the AMX30 in France and the Leopard in Germany.

Export: 20 Percent of Total Activity

Joint manufacturing efforts are already numerous in the field of aeronautics: France and Germany, with their training plane, the Alpha-Jet; France and England with their Jaguar prop plane; Germany, England and Italy with their Tornado combat plane, etc. These efforts have up to now been limited in the area of ground forces weapons: The Roland anti-aircraft and the Milan and Hot antitank missiles, made by Aerospatiale and the German company MBB. But, given the same causes and effects, this tendency will be increased--the object is to reduce the net cost while extending the life of the series.

Export is another means of speeding up production. Representatives of 80 countries were invited to the Seventh Exhibition of Ground Forces Armaments held June 18-23 at Satory Camp near Versailles. Sales to foreign countries represent about 20 percent of the total activity of ground forces weapons (1.47 billion francs out of a total turnover of 6.89 billion in 1977).

However, in the entire arms industry (280,000 employees and 35.8 billion francs in 1977), the share for ground forces weapons is only about 20 percent. Giat (Industrial Group of Ground Forces Weapons), which is under the Ministry of the Armies, is the principal French producer, with 17,000 employees and a turnover of 3 billion francs. While the military sector is predominant in the aeronautics industry, such is not the case for machines. The example of Panhard (a subsidiary of Peugeot), which makes nothing but light armored cars, is an exception. Thus, military materiel accounts for only 5 percent of Creusot-Loire's business and 10 percent of that of Renault Industrial Vehicles. The military materiel share of the machine industries' total activity is only about 6 percent.

9475

CSO: 3100

BRIEFS

RETURNING MIGRANT WORKERS--67,000 Greek migrant workers returned to Greece from West Germany during the two-year period 1976-78, according to official West German sources. At the moment, Labor Minister Laskaris reports that there are 151,437 migrant workers in West Germany (88,297 men, and 63,140 women). Out of the workers from the Federal Republic returning to Greece, the Greek Ministry of Labor reports that 70% are working in agriculture, 10% as employees and the remaining 20% in business. [Text] [Athens ATHENS NEWS in English 3 Jul 79 p 4]

THASSOS OIL REPORTS--Reliable sources report that by the end of July, over 18,000 barrels of oil should be produced from the coastal regions around the island of Thassos. Four oil-rigging platforms are already in operation, 15 nautical miles from the mainland. Two platforms will be involved in drilling for oil, while the third will be used to pump the oil ashore. The fourth platform will be responsible for ensuring pressure levels are kept constant. [Text] [Athens ATHENS NEWS in English 3 Jul 79 p 4]

TREMORS IN KORINTHOS--Earthquake tremors were recorded in Corinth yesterday at 7:43 p.m. No damage was recorded, and the tremors lasted for three seconds. [Text] [Athens ATHENS NEWS in English 4 Jul 79 p 7]

TREMOR NORTHWEST OF ATHENS--The Athens Observatory reported a strong earthquake yesterday at 6:35 p.m. which was 5 points on the Richter scale with an epicenter 115 km northwest of Athens. The tremor was felt in Evvoia and in the Athens region. [Text] [Athens ATHENS NEWS in English 27 Jun 79 p 4]

SPENDING FOR FUEL IMPORTS--Currency exchange spent for the import of fuels during the January-May 1979 period rose to 755 million dollars compared to the 493 million dollars of the corresponding period in 1978 (an increase of 53.1 percent) and it covers the 19.1 percent of the total value of imports recorded for this period, while during the corresponding period in 1978 it covered 16.3 percent. [Text] [Athens ATHENS NEWS in English 28 Jun 79 p 9]

NEW SUBMARINE FOR NAVY—The second of the four submarines built for Greece by the Hovald-Verg Shipyards will be launched Tuesday in Kiel, a spokesman for the Shipyards announced. The "Amphitriti" will be of 1,100 tons and will have a crew of 31 members. The two other submarines will be delivered in fall and during the beginning of next year. [Text]
[Athens ATHENS NEWS in English 30 Jun 79 p 4]

CSO: 4920

MAJOR DISAGREEMENT DEVELOPING ON DEFENSE APPROPRIATIONS

Oslo AFTENPOSTEN in Norwegian 26 Jun 79 p 3

[Article by Eivind G. Karlsen]

[Text] Dramatic differences are arising between what our defense leadership is demanding and what the political authorities are willing to invest in the Defense Department. The 1980 budget will be the most important in a long time. And however ambitious parliament chooses to be this fall for the upcoming 5-year period--based on the Defense Commission's recommendation and the reduced framework the government has presented--it will probably set the trend for the development of Norway's defense up to the year 2000.

For a number of years, parliament's treatment of the defense budget has been characterized by broad acceptance of the major points. Dissent has been slight, if the leftist-socialist protest proposals are ignored. The question is whether this unity will now be broken.

Last year, as we know, the politically diverse Defense Commission of 1974 composed a comprehensive defense program for the period up to 1993. In its parliamentary report, the government has departed from the recommendation on several important points. It is content to have a plan for the first 5-year period and wants to return with additional plans in 2 years. It further reduced the annual average budget increase from the 4 percent recommended by the commission to around 3 percent. In this way, the growth rate recommended in NATO plans would be followed. Defense chief Gen Sverre Hamre believes, however, that an annual growth of 4.5 percent is needed, especially in order to make up for the billions defense is lagging behind because it has not been compensated for wage and price increases.

Yet, a discussion of the percent increase seems to be of less interest in the light of what is now taking shape as the main question: are our political authorities, who grant appropriations, prepared to take the consequences of the situation the Defense Department is in, so that it is not continually in arrears, but is rather strengthened substantially? And are they ready for the reevaluation that more and more people believe

necessary? At the same time we continue to give priority to the defense of northern Norway, it is essential to strengthen the defense capability in southern Norway.

As to the first point, defense chief Hamre states in his commentary on the commission's recommendation that not every detail of NATO's objectives are being fulfilled as far as Norway's strength is concerned. The general continues: "Even if, in the future, we must accept clefts between NATO's objectives and ours, nevertheless, a striving toward greater agreement between strength objectives and plans for the rate of development should be brought about by means of timely consultations between national and allied sides at various levels.

The defense chief bases his demand for a strengthening of our defense in the south, among other things, on the fact that in southern Norway we have the major part of our defense potential and, generally speaking, the groundwork for a national war of resistance. Southern Norway will serve as the basis to strengthen our defense in the north and to contribute to the alliance's efforts in ocean areas in the west and at the outlet of the Baltic Sea.

General Hamre also points out that strong economic measures must be taken early in the planning stage, i.e. beginning in 1980, in order to make up the deficit, or else the entire plan must be dragged out in time, but with full recognition that during the planning period we are losing additional ground with respect to the development we must expect on the part of our opponents. "In other words," he adds, "this is of definite consequence for the relative capability of our defense."

The defense chief also asserts that a Norwegian defense policy with the necessary credibility demands that, in addition to what the Defense Commission has recommended, we must:

Strengthen our strategic mobility;

Improve our capacity to receive and operate together with allied reinforcements;

Improve our system of warning, control, and guidance, as well as our capacity to function during electronic intrusion;

Increase our endurance in battle, including a strengthening of the civilian portion of our overall defense.

9336

CSO: 3108

ANTITERRORIST COMMANDO GROUP PLANNED FOR OIL INSTALLATIONS

Oslo AFTENPOSTEN in Norwegian 26 Jun 79 p 12

[Article: "Navy Commandos To Combat Terrorists"]

[Text] Plans for an antiterrorist commando group for the North Sea oil installations are gradually beginning to take concrete forms. Cabinet Minister Johan Jorgen at the Defense Department tells AFTENPOSTEN that active discussions are underway between the Defense Department and the Justice Department concerning several practical details.

For now, the intention is to use naval commandos, who are a special group within the Navy. For the time being, it is unclear whether the naval commandos must increase their personnel in order to handle the task of protecting the oil installations. At present, the naval commandos are a mixture of enlisted men, grenadiers, and draftees.

A commando group of this type will be placed under the leadership of defense but, as usual in terrorist actions, the police are the highest authority. The idea is that the police will be able to request assistance from the commando group when the need presents itself.

9336

CSO: 3108

GLEDITSCH WELCOMES THREATENED INDICTMENT ON ESPIONAGE CHARGE

Oslo AFTENPOSTEN in Norwegian 7 Jul 79 p 8

[Article by Inge D. Hanssen]

[Text] According to AFTENPOSTEN's information, prosecutors will soon prepare an indictment against peace researcher Nils Petter Gleditsch based on the penal code's paragraph on espionage or the law on defense secrets. The indictment will be presented when the police go to magistrate's court to obtain the names of military experts to evaluate the report Gleditsch published, together with Owen Wilkes, on secret listening and sounding stations. It has been difficult to produce two officers or other experts in the field who are willing to be named as experts, AFTENPOSTEN has been told.

The case has been investigated at police headquarters in Oslo. The police finished with the investigation 3 weeks ago but no position can be taken concerning the question of prosecution until the experts have stated their opinion on whether or not the report's contents are a danger to the national security. A month ago, the prosecution asked defenses's supreme command to recommend two officers or other experts who could serve as knowledgeable consultants. Oslo's magistrate's court will name the experts.

According to AFTENPOSTEN's information, the Defense Department has not managed to come up with two officers or others who are willing to take the assignment. It is pointed out, among other things, that the officers must have intimate knowledge of intelligence activity and the purely technical questions that will be raised in connection with the electronic installations the report deals with. Several officers have been asked, according to AFTENPOSTEN's sources, but all have requested that they be spared for various reasons, with a view, among other things, to the enormous work load they would take upon themselves.

Submitted During "List Affair"

The report was submitted in February of this year when the so-called "List Affair" was being tried in Oslo municipal court. Peace researcher Nils

Petter Gleditsch was summoned as a witness in the case by Ivar Johansen, defense attorney for the principal defendant. The investigatory report was published a few days before Gleditsch was to take the witness stand and he has stated that he and Wilkes pushed hard to complete the report before he was to testify. Wilkes is Australian but lives in Stockholm.

The Defense Department reacted very strongly to the report and defense chief General Sverre Hamre stated that the peace researchers had subjected the Defense Department to an "unacceptable security risk." The chief of defense requested that the police begin an investigation of the two peace researchers. In a preliminary statement from the Defense Department, it was concluded that the report was harmful to the Defense Department and to the country's security. This referred both to the gathering of the information and to the contents of the report.

The preliminary statement said further that the Defense Department could not at that time outline the possible consequences the report could have for Norway's overall defense, but it was emphasized that a deliberate reconnaissance of Defense Department installations with subsequent descriptions of their position and function could not be justified by pointing out that public sources had been used.

Publication of the report also met severe criticism from political sources. The criticism led to "self-criticism" at the Peace Research Institute. In a press release from the institute it was made clear that the report should not have been published. It was also announced that the institute would develop new guidelines for how reports prepared at the institute would be treated.

In his own press release, Gleditsch expressed the view that he shared the opinion that the report should not have been made public without a thorough evaluation by the institute's organs beforehand.

"I do not believe the report is harmful to the country's security with respect to foreign powers, even from a conventional military evaluation of security," Gleditsch asserted in his press release.

Secret Investigations

Nils Petter Gleditsch has been interrogated as a suspect and there is reason to believe that he has expressed the same opinion in his police statements as he did in his press release. The leader of the investigation, Chief Superintendent Pal S. Berg, has at no time wanted to give out information concerning developments in the investigation. The chief superintendent did not even wish to state whether Gleditsch had been interrogated as a suspect or charged. Chief of Detectives Sten Grindhaug indicated that a press release "will be sent out when the investigation is complete." It was finished 3 weeks ago.

It is possible that Oslo police will find reason to inform the public when they turn to magistrate's court to have the military experts named. In a case of this type, charges must exist against Gleditsch for this to be done. Both Gleditsch and attorney Ole Jacob Bae, who has been Gleditsch's legal adviser, will probably protest against having two officers as the only expert witnesses. In all probability, they will ask that an expert outside the Defense Department also be named, preferably someone who does not share the official view of Norwegian security policy.

But first the Defense Department must find people who are willing.

9336

CSO: 3108

UEDS INFLUENCE IN POLITICAL AFFAIRS SEEN AS TENUOUS

Lisbon DIARIO DE NOTICIAS in Portuguese 6 Jul 79 pp 17, 18

[Article by Joao Vale de Almeida: "UEDS: Escaping the 'Ghosts'"]

[Text] When the UEDS [Leftist Union for Socialist Democracy] came into existence at the beginning of 1978, there were some who claimed that the new group would not avoid one of two political futures: the obscure fate of the FSP [Popular Socialist Front], or the "satellitizing" of the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission]. Underlying both hypotheses was the conviction that it was impossible to fill the gap between the PS [Socialist Party] and the PCP [Portuguese Communist Party] in an autonomous manner, which is the fundamental intention of the group headed by Lopes Cardoso.

Today, a year and a half after the founding of the Leftist Union for Socialist Democracy, it is Lopes Cardoso himself who proudly asserts that the UEDS "has definitively escaped the fate that they tried to chart for it." But will this small movement, an integral part of the process of reassembling the Portuguese left, succeed in freeing itself from one of the other "ghosts" that have marked it since its birth: the ineffectiveness of the "groups of friends," which prompted its most recent dissident to claim "the complete failure of the attempts to lend substance to the socialist proposition apart from the established reality of the PS"?

A Movement of Dissidents

The emergence of the UEDS in January 1978 was the culmination of a process of leftist dissidence within the PS, which had been predicted since the early months of the First Constitutional Government's existence, and which was to prove to be the most significant collective defection from Mario Soares' party. Headed by Lopes Cardoso, former minister of agriculture and fisheries and a former parliamentary leader, a group of Socialists decided to leave the party, charging it with not upholding the program and the declaration of principles, and with fostering right-wing activity. The egress took place following the Second Congress, and after Lopez Cardoso had, for some time, maintained the necessity for political combat within the party structure.

The next reason for the split was the refusal of the PS leadership to accept the simultaneous affiliation of several members with the newly created Association of Socialist Culture and Workers Brotherhood. Still, what was essentially involved was an explanation which became non-deferrable.

The departure of Lopes Cardoso and those who followed him has been reflected in the party's structures throughout the entire country, and also in Parliament, where the PS has lost three deputies and the future UEDS has won its most important place for public intervention.

Joining the group of former PS members in the process which was to lead to the formation of the UEDS were members of the MSU [Unified Socialist Movement] and others like them who were dissidents from the MES [Movement of the Socialist Left], and individuals who had left the FSP [Popular Socialist Front], the Rank and File-FUT [United Workers Front?], the LUAR [League for Unity and Revolutionary Action], the MDP/CDE and even the PCP. They were united by the need to reorganize the Portuguese left after 25 November and to create an autonomous force which would reject the "Stalinism" and Soviet alignment of the PCP and the "social-democratization" of the PS, and would revive ideas such as "the socialization of the major means of production and exchange," and "self-management and democratic planning" that are considered essential elements of "democratic socialism," which for obvious reasons would be replaced by "socialist democracy" in the title of the movement.

Always the PS....

The trade unions have been the privileged area of the UEDS' activity during the first phase of its existence. Holding important positions in the secretariat of the CGTP/IN [General Federation of Portuguese Workers/National Intersindical] and in union, workers' and service administrations, the movement allied itself with the PCP and, at times, with the UDP [Popular Democratic Union] in combating the PS' trade union line. At present, its position is a little different and, unlike the most obdurate sectors of the PCP, it advocates a rapprochement between the IN and the UGT [General Union of Workers], and yet retaining the distance between them on all levels.

From the standpoint of public opinion, the UEDS' activity has been based essentially on the parliamentary intervention of Lopes Cardoso, Bras Pinto and Vital Rodrigues, the prestige of its first secretary and the influence of certain intellectuals in its ranks. The movement's establishment has been consolidated chiefly in the coastal districts of the north (Viana do Castelo, Braga and Porto) and in the urban areas of Lisbon and Setubal. Strangely enough, its activity in Alentejo does not appear to be significant; but its leaders advise waiting for the next election to pass judgment on this matter.

The UEDS' practices during the first year of activity have enabled it to distinguish itself from the PCP, but without avoiding leftist tendencies

on issues which would hardly benefit anyone attempting to occupy an intermediate position between the two great forces of the Portuguese left. Nevertheless, rather than possible deviations from the policy line, the obstacles to occupying the desired position have been posed outside of the movement, specifically in the action of the Socialist Party. Whereas the PS/CDS [Social Democratic Center Party] agreement, which coincided with the formation of the UEDS, played a major role in its affirmation as a legitimate "heir" of the ideals which were "alienated" by the PS, the collapse of the Second Constitutional Government and the "shift to the left" that has taken place on Rua da Emanda since then have proven detrimental to the establishment of the UEDS' own identity.

Lopes Cardoso does not hold this opinion. He claims that the break in the PS' compromise with the right has only had short-term negative effects on the movement that he heads. In his view "there has not been a shift to the left by the PS when it allowed the passage of a trade union law such as the one which was approved at Sao Bento." He added: "There has merely been a change in speech and language which has resulted from the dissociation from the state apparatus."

According to Lopes Cardoso, Eduardo Prado Coelho, who recently left the UEDS to join the PS, had no right to claim that the "PS is a beneficial and welcoming place" for the left. The UEDS leader maintains: "The PS is a welcome place only for those who are seeking a place." Hence his resolute claim: "There is no reason to return to the Socialist Party."

With its year and a half of existence, and on the eve of a new "convention," the UEDS' greatest problem is organization. Lopes Cardoso states: "We have already won our position in terms of public image. Now, we need to occupy it in terms of organization."

On Rua Manuel Bernardes, there is a sense of material shortcomings which are hampering the surmounting of the growth crisis besetting small organizations. "We do not have a single professionally trained official," complain the heads of the UEDS, who add that the movement has only its own resources, and is not receiving national or international backing.

Nevertheless, its international political relations, particularly on a European scale, are significant. Melina Mercouri's PASOK, the leading force of the Greek left, holds a major position on the UEDS' "international agenda," which also includes the PCI [Italian Communist Party], the Communist Party of Romania, the Socialist Alliance of Yugoslavia, the Socialist Party of Galicia and Andalusia, and leftist sectors of the Italian and French Socialist Parties, in addition to various organizations in the North European countries.

"Third Force"?

With the "greatest dangers" surmounted, and a certain public image won, what does the UEDS expect?

According to its leaders, the next challenge is that of "effectiveness." There is an urgent need for the movement to break away from the "ghosts" which have been pursuing it since its birth, and to achieve a power for political intervention that will enable it to assume the role of a "third force" of the Portuguese left.

However, the prospects for the movement's progress are not yet well established. To some extent, everything depends on the next elections, not only in numerical terms (a certain amount of optimism has prompted the UEDS to assume that there will be an increase in the number of deputies), but also with respect to the "qualitative rise" in organization, with its legalization as a party. According to its officials, the UEDS has not yet "sensitized," much less "incorporated" the group of the electorate which it could potentially contain. Therefore, as Lopes Cardoso says, "The elections may play a dynamizing role which will definitively consolidate the movement."

At the moment, it has been decided that the UEDS will submit its own slates in the legislative elections. However, its intentions extend still further, calling for the formalization of a pre-electoral agreement among various leftist groups, ranging from the independent Social Democrats to the Communists, on two main issues: the governmental solution and the constitutional revision. Is this an unrealistic or even idealistic proposal? There is every reason to believe that it is. But the UEDS insists upon assuming the responsibilities that it has received from its own name, and thus it intends to contribute to the "unity of the left for socialist democracy."

Time will tell whether it succeeds in this or whether, on the contrary, it has confirmed the "small faction stalemate" and the lack of alternatives to the traditional European leftist formations.

2909

CJO: 3101

GREATER PCP ATTENTION GIVEN TO RURAL NORTH

Lisbon AVANTE in Portuguese 12 Jun 79 p 12

[Interview with Angelo Veloso, substitute member of the Political Commission of the Central Committee of the PCP; date and place not given]

[Text] "The communists are guided by the clear understanding that it is possible, in the process of struggle and through the experience accumulated, to win over to their side the working masses who have been deceived and mystified from the ideological point of view, and the possibility of making it clear to the workers that the right wing, the reactionaries, are the class enemies, the enemies of their interests, the enemies of the people," Comrade Angelo Veloso, substitute member of the Political Commission of the Central Committee of the PCP, told AVANTE! during an interview on the political situation in the northern part of the country and the major advances made by the PCP in the five districts north of the Douro.

More than two and one-half million inhabitants live in the five northern districts, distributed in 66 municipalities and 1743 parishes, over the area included in the 200 kilometers from the Douro River and Raiana zone of Spain. Head of the Regional Organization Office for the North, Comrade Angelo Veloso took the opportunity, in his statements to AVANTE!, to describe the situation existing in the region, to analyze the activity pursued by the communists, to discuss the repercussions of the policy of capitalist recovery felt there, to stress the steps to be taken by the communists in order to alter the situation, and to deal with the question of decentralization in the Regional Organization for the North.

Blatant Contradiction

AVANTE!: Our party has won major successes and has substantially increased its influence and organization in the capital and north. How would you describe this situation?

Angelo Veloso: In the northern part of the country there is a blatant contradiction between the predominant political and ideological options for the majority of the people and the state of need, underdevelopment, hunger, poverty and oppression in which the majority of the inhabitants find themselves.

If we speak of the lack of health, school, cultural, highway, sports and other structures, of the lack of basic health measures, hospitals and doctors, aid in childbirth, motherhood and infancy, if we speak of the very profound nutritional inadequacies and even the hunger, poverty and obscurantism, it is easy to find examples, first of all, in the North and Northeast regions.

In the Northeast, above all, there is hunger. There is a very high percentage of illiteracy, and extremely minimal cultural, recreational and social life. There are no health facilities, no electricity, no roads, no housing facilities, no satisfactory nutrition, no decent wages. It is, above all, in the Northeast that the most flagrant and shocking situations of misery, poverty and indigence in the most accurate, most vital sense are to be found.

But the fact is, also and at the same time, that it is there that the highest percentage of right-wing voters are found, the highest indices of influence and practice of an obsolete and backward form of religion, the highest levels of rightist options.

Through a network of tribal chiefs, a clerical apparatus which is in its vast majority backward, through a civil service system which in some sectors is frankly interlinked and merged with the reactionary forces (MAP [Portuguese Action Movement], Forestry Service, etc.), through traditions, customs and practices many of which still bear the marks of feudalism, the right wing is succeeding in maintaining broad ideological influence in the North.

Ideology of the Rich

Such situations naturally have their historical roots. The distribution of ownership, the feudal relations which have been maintained and which are at the base of a reactionary and Miguelist bossism, the retention of a complex of traditions and customs suited to an underdeveloped agricultural society, a clerical hierarchy closely linked with the chiefs and the large landowners--backward, medieval, committed to narrow-minded conservatism, etc., etc.--these are certainly some of the roots of this situation.

It is obvious that this situation is closely linked with the lack of an industrial proletariat (70 percent of the active population in the Northeast works in the fields), with the exception of the areas of greater Oporto, Braga, Guimaraes and Viana. On the other hand, the majority of the farm workers in the North are semiproletarians. In other words, they have in their possession very small plots of land which to a greater or lesser extent contribute to their subsistence.

But these causes and factors do not cancel out the existence of a brutal reality: the oppressed are dominated by the ideology of the oppressors. The poor are dominated by the ideology of the rich. The miserable oppressed masses which are needy to a great extent are in their majority politically and ideologically influenced by the right wing. This means that processes of ideological mystification which are very profound, deep-rooted and widespread are at work in the North.

Oppressors and Oppressed

AVANTE!: In the situation you describe, what prospects has the activity of our party opened up?

Angelo Veloso: First of all, we believe that under these conditions the development of the revolutionary process is objectively favorable to us. The development of activities, struggles, protests, any form of action in defense of the interests of the peoples or the neglected classes places the oppressed and the oppressors in conflict, sets the rich against the poor, brings the exploited and the exploiters face to face, creates opposition between antagonistic classes or strata. And who is defending what becomes clear. In other words, who the defenders of the exploited and the oppressed are becomes clear, and the defenders of the exploiters, of exploitation and oppression, are revealed.

Whether it be in the struggle in the enterprises and the villages for better wages and living conditions, or in the struggle to market potatoes or in defense of the rights of the settlers on unused land, or in the struggles developed in the parishes for urgently needed local improvements or the implementation of the local finance law, or in the conflicts which develop in the institutionalization of the democratic process on the level of the small settlements, the small hamlets and even the smaller towns--all of this gives rise to conflicts which clearly show who is defending social development, progress for the people, culture, education and athletics, which are linked with a rise in the standard of living, social development and democracy.

History and the daily struggle are showing the peoples who the defenders of the maintenance of obscurantism, ignorance, paralysis in recreational and athletic life are, who it is who defends and supports the universal, free and general National Health Service, who it is who defends a complex of developmental projects, agricultural and industrial progress, the utilization of material resources, and who is defending and promoting the opposite.

In the social and political conflicts, in the living struggle of the classes, it becomes clear who is defending trade union freedom, the right of association and organization, and who it is, on the contrary, who defends the maintenance of a fascist-oriented regime, half-measures of freedom and oppression for the majority, who it is who defends and promotes the local, oppressive, fascist-oriented bossism, who it is who defends social justice, equal opportunity, democracy, progress, development, health, education, culture, housing and sanitation, and who it is who defends the maintenance of situations of poverty, shortage and misery.

It is obvious that the development of the struggle leads to the beginning of understanding by the oppressed of what the ideological emblems of their oppressors represent, to the understanding by the poor that the ideas of the rich are being put in their heads, and to a clear vision by the small and average owners that they are being deceived, duped and manipulated by the large absentee landowners, closely linked with the large warehousemen, etc.

Not an Island

AVANTE!: But what are the repercussions felt in the North from the policy of capitalist recovery and the successive governments carrying it out?

Angelo Veloso: It is obvious that the North is not a separate country. Here, the effects of the overall and general situations in the nation are felt. The North experiences the consequences of the policy of the right wing government--the likes of Mota Pinto and Nobre da Costa, the first and second Socialist Party governments, the second with the CDS [Social Democratic Center Party]. All of this has had and still has a highly enlightening influence on the thinking of the people of the North.

The North is not an isolated island, nor a separate country within Portugal. But it is also true that the ideological mystification in the North and the disparity between the political options and the class situation are much more profound for the exploited, poor and miserable population masses.

AVANTE!: Under these conditions, there are enumerable shifts to the left occurring among the workers and the small farmers who, through their own experience, have seen that the parties of the right wing, in practice, serve the interests of their exploiters.

Angelo Veloso: Therefore we can say that perhaps more than in any other part of the country, the communists must be firmly guided in the North by the principle according to which the base of all unity in the struggle for democracy and for socialism is the unity of the workers class and the workers.

The communists must not allow themselves to be diverted, and they do not, by the fact that a large number of workers choose right wing parties and ideology. The communists must feel, with regard to the farm workers, the small and average farmers, the neglected peoples of the North, a profound class brotherhood, solidarity and confraternity, even if these workers opt for right wing ideologies and vote rightist.

Platforms for Unity

AVANTE!: Although there have already been enumerable evidences of the feelings you mentioned, what does it seem to you are the steps which must be taken to make the bonds linking the communists with the workers in the rural sector, the neglected strata, still stronger, so that these latter can see a change in the situation in which they find themselves?

Angelo Veloso: The basic problem for the communists in the development of the struggle in the North is to establish platforms, goals and methods of united organization which will first of all take into account the interests of the neglected strata of the people. Any attitude based on preconceptions of an ideological nature would be reflected in plainly negative sectarianism on the part of the communists.

By developing their propaganda and popularizing their ideals, pursuing insistent campaigns of enlightenment, establishing close links between the struggle for democracy and the struggle for social advance, for the great social changes and the interests of the people, the communists are first of all establishing their class interests, the interests of the poor people, as the basis of unity for the people, the workers and the farmers in the North.

The communists are guided by the central idea according to which the ideological influence of the right wing in the northern part of the country is highly contradictory and temporary, reflecting a situation of ideological mystification. The communists are also guided by the clear understanding that it is possible, in the process of struggle and through the experience accumulated, to win over to their side the masses of the workers who have been deceived and mystified from the ideological point of view, and that it is possible, I repeat, to make it clear to the workers that the right wing, the reactionaries, are their class enemies, the enemies of their interests, the enemies of the people.

Experience shows that this orientation and this understanding are correct. Whenever the communists, linked with the people, pursue collective, united and open actions in defense of the common interests of the people or the neglected classes, the people move closer to them and see clearly that it is the communists who are taking the lead in the defense of their interests, that anticommunism is a weapon of the reactionaries, the monopolies, the large landowners, the weapon of these people against the people, against the poor.

Beyond these objective factors, beyond the greater or lesser degree of correctness with which the organizations in the North have worked, I believe it is possible to say that the objective basis of the major political shifts is to be found on the level of this contradiction between the political options and the class interests of the people in the North. And that the unity policy of the communist party is correct, with a view in particular to the need to take in hand the defense of local and regional interests and those of the oppressed classes, in particular the workers, the farm wage earners, the semiproletarians, the small and average farmers, as a base for the development of the struggle for freedom and social progress, and also as a base for the political consciousness-raising of the increasing masses of the worker and peasant population.

Decentralization of Leadership

AVANTE!: Comrade, the question of decentralization, in particular with regard to the organizations in the North, was raised at the last congress. What point has been reached with regard to this question where the Regional Organization Office for the North is concerned?

Angelo Veloso: On this matter it is necessary to take a number of factors into account. On the one hand, the North is a very vast region, covering five districts, with about 2,600,000 inhabitants, and a tremendous variety in situation and level of economic, social, cultural and political development. On the other hand, our party, in these past three years, has greatly increased its political influence. Anticommunism has lost considerable ground, reflected, among other things, in increasing numerical growth for our party. In the Oporto district today, we have more members than we did in 1976 in the whole of the North. At the same time, the development of the struggle and party activity has been reflected in the development of a complex of new experienced, capable, well equipped, and confidence-inspiring cadres, profoundly dedicated to their party and to our people. At this time, the central committee has 18 regular and substitute members in the North.

In brief, the complexity and diversity of the situations, the urgent need for prompt political responses and the growth of the party organization point to a bold and profound decentralization of the work of party leadership in the North.

We intend to discuss precisely this program in the regional, district and sectorial leadership bodies. The idea of establishing new regional organizations and creating new regional leaderships in the present area served by the Regional Organization for the North has practically unanimous agreement. But, at the same time, we regard it necessary to maintain, in new form, general political leadership and coordination for the whole of the North, through a new type of leading body.

Naturally, this is a complex and delicate problem which requires careful and deliberate study. But everything is moving toward a resolution in this short term.

5157

CSO: 3101

INDEPENDENT SOCIAL DEMOCRATIC MOVEMENT UNSTABLE

Lisbon DIARIO DE NOTICIAS in Portuguese 6 Jul 79 p 17

[Text] As might have been expected, the phenomenon of party "dissidents" has ended up becoming widespread on our political scene, without any great commotion, and even inexorably and smoothly.

"I shall not partake of this dissension" is a remark which the parties learned not to make since the major ones, PS [Socialist Party] and PSD [Social Democratic Party], began splitting in cycles.

Being a dissident is, moreover, wholesome evidence of independence, venture and creativity. It means repudiating ease, certainty and serenity. It means assuming doubts, risks and solitude. It (also) means knowing how to abandon sinking ships, to invest in ambitions and to take the opportunity for revenge.

In the debilitated Assembly of the Republic, the accumulated groups of dissidents have now risen into a decisive mass, in the eyes of the legislative groups marked by lesser upheaval.

Strangely enough, everything goes through them, and very little eludes them. Keenly aware of the force of their example (grains of sand in the heedless parties), they understand rules, they refine programs and they decide votes. A few days ago, one of the most prominent of them remarked: "We know how to say 'no' when we feel that irresponsibility or lack of vision is leading the situation to a different outcome." "We reject any satellizing," commented Servulo Correia in A CAPITAL, "because we have entered politics with a certain sense of mission, of urgency and of campaign. For that reason, we are perhaps inclined toward the solution of rest for the warrior. Where we are concerned, there are no individuals whose future has been entirely mapped out in terms of partisan activity. This does not mean that we do not intend to try...."

Thus, to set up a new party, the new party has ended up becoming a purpose. With the cycle of take-off completed, there has emerged a longing for a return to the womb of ease, certainty and serenity.

"It has become essential (Rui Machete told DIARIO DE NOTICIAS) for a political party to come into existence which will fill the empty space left by the PSD's shift to the right and by the outright refusal of social-democratization made by the PS. That party will fit into the political spectrum between the PS and the PSD, and it will counter bipolarization, opposing it by being simultaneously interclassist and adopting a moderate, left-center orientation."

A moderate orientation for moderate Portuguese, for "all those who, like ourselves, refuse to return to the past, and think that society must progress not with revolutionary utopias but rather with necessary reforms." It is time "to put an end to the unilateral view of the former PS and PSD members, who are concerned about the old party struggles." Such a task requires that "we not join any of the blocs, and that we be receptive to cooperation, the center of gravity of which lies in moderation and realism, something that represents center positions."

This course of action must take place in stages, however, through trial balloons, manifestos, associations, seminars, newspaper articles and interviews, lectures, "pointed" reports, behind-the-scenes activity, luncheons and travel.

The association of independents which is currently the most significant is the ASDI (which means just that: Independent Social Democratic Association), comprised, as we know, of 37 former PSD deputies, outstanding among whom, in addition to the aforementioned, are Sousa Franco and Magalhaes Mota. "We, a group of intellectuals uprooted from the university (again, in the words of the first-mentioned individual), who share a certain view of the transformation of Portuguese society, believe that it is necessary to proceed toward a period of relative pacification, so that the stabilizing elements may allow the democratic institutions to become entrenched."

The unstable balance of this good sense, this moderation and this centrism can, for the time being, only be sheltered in palatial, elitist shade. Because (still in the words of Servulo Correia), "the issue lies in whether this group of individuals with great mutual rapport is capable of increasingly polarizing around itself a sector of Portuguese society. If not, the future will categorize it as a kind of Seara Nova [New Party] group of the 1920's or 1930's....which is still not bad."

Which would still not be bad.

2909

CSO: 3101

INTERNAL PSOE POLEMIC CONTINUES TO DIVIDE PARTY

Felipe Gonzalez Criticized

Madrid EL PAIS in Spanish 16 Jun 79 p 15

[Text] Francisco Bustelo, defender of the Marxist political representation at the 28th Congress of the PSOE [Spanish Socialist Workers Party]--and therefore considered a radical--took part yesterday in the internal discussion organized by the Madrid Socialist Federation, with a speech in which he said that if anyone has done an about-face, it is Felipe Gonzalez. He asserted that there is no scientific basis for defending the need for a qualitative change in the socialist message, and that if the rightists gain 500,000 votes, those votes will be lost by the left, and he insisted on the recognition of tendencies.

The speaker expressed his surprise that Felipe Gonzalez would have alleged ethical reasons "at such a late date," and he attributed his decision not to run for reelection to a "posture of defiance"--the majority of the party did not accept his proposals--or even to a strategy of placing the party in difficulties, since Felipe Gonzalez knew that his replacement within a few hours was practically impossible.

"How can it be explained," the speaker wondered, "that his conscience would prevent Felipe from being the secretary general of the party, while it does not, however, hinder his being its spokesman in the Parliament, which is equivalent to continuing as leader of the opposition?"

Regarding the ideological definition, properly speaking, Bustelo admitted that to become a simply progressive and reform party is to cease being authentically socialist. "Spain is not Sweden," he said, "and here there are still 1.5 million unemployed, 1 million agricultural workers and several million illiterates. It is difficult to understand that each social group should receive a different, or 'sectoralized' political plan."

He also referred to the "extremely serious deficiencies" in the internal functioning of the last 3 years. He cited as an example the parliamentary group, which was consulted only once--regarding the death penalty--during

the entire process of writing the Constitution, and he asserted that it has been functioning like a Leninist party, which neither consults beforehand nor explains too much afterward. In any case, this discussion is very traumatic and is not going to be able to be resolved in the few months remaining before the special congress; therefore it would be better to state the positions and form an integrated executive, but that implies recognizing that there are different currents of thought within the party.

In the extensive conversation after the meeting, Pablo Castellano said that the PSOE does bear responsibility for having emptied this democracy of its content, and that he does not share opinions to the effect that there could have been no other policy.

Roberto Dorado expressed his fear that the discussion would not enrich the party, in spite of its initial usefulness, and he asked Bustelo, since he has for some time been alternate opposition leader, to explain whether he is running for secretary general and whether he is in favor of or against the unified left.

Jose Manuel Moran asserted that he did not question Felipe Gonzalez' ethics, but he would like to know what are the national and international pressures into which the PSOE has plunged--all allusion, it appears, to the words of Enrique Tierno during the final session of the 28th congress, in which he insinuated that there were pressures from the Socialist International and from factions that no one other than Felipe Gonzalez should be secretary general--and he expressed his fear that if the party is concerned only with the short term, basically it is accepting the role assigned to it by the right, that of being "the other side of the coin" of the UCD [Democratic Center Union].

In response to several of the suggestions made, Bustelo answered that the suitability of the united left depends on the relation of forces, and that perhaps Tierno expressed himself badly in his allusion to the pressures which exist. He also praised the veteran party members--citing by name Socrates Gomez and Manuel Turrion--who have been removed from their parliamentary posts in spite of their services to the working class.

Felipe Gonzalez Defended

Madrid EL PAIS in Spanish 15 Jun 79 p 15

[Article by Luis Yanez Barnuevo, PSOE deputy from Seville; former PSOE secretary of foreign relations]

[Text] It is good that the representatives of that sector of the PSOE who like to call themselves radical, critical or Marxist utilize the pages of what they scornfully refer to in the internal assemblies of the party as the "bourgeois press." It is good because it helps to explain positions and because it demonstrates daily that one of the criticisms--the absence of internal democracy and of freedom of criticism--was without foundation.

There is a common thread running through the articles in EL PAIS by Gomez Llorente, Bustelo and Castellano: the subconscious desire to offer explanations for the blame which may be imputed to the disorderly 28th congress and a certain inclination to look for understanding with the "other sector."

Personally, I have always defended, within the executive committee, a policy of integration, and the signers of the articles cited are witnesses to this, and they also know that I have never practiced unconditional adherence to anybody. But I believe that at this time of clarification and praise of positions, any attempt to "stall" or agreement at the top to draw up a list of executive committee members with a view to the special congress would cause new frustration at the base, deceive our electorate and only postpone the solution of the internal problems of the party.

Various criticisms were made in the three articles cited: Felipe's attitude is negative for the party; his work has been "suspiciously" praised by the right; there is an attempt to turn the party toward the right, etc.

I sincerely believe that Felipe had no other alternative on 20 May. The coercion and the greed to which a minority wanted to subject him were incompatible with socialist behavior. If Felipe, under those conditions, agreed to be secretary general, the party would have come off badly in the medium term. Bustelo himself recognized that he had only minority support when, in a revealing speech on the afternoon of 20 May, he said to the congress: "I am not refusing responsibilities, but I am aware that 90 percent of the congress supports Felipe. If at least you assure me of 20 to 30 percent of the votes, I am willing to be a candidate for the executive committee." No comment.

As for the praises, one would have to be deaf and blind not to have noticed the commotion Felipe's farewell speech caused in public opinion. It was not the right: it was the entire country which raised its hat to a serious, ethical and dignified behavior to which we are not accustomed in a skeptical and mistrustful world, especially among politicians.

The speech was also, as Juan Losada describes in PUEBLO, a bit of the purest orthodoxy. In effect, Pablo Iglesias based his private and public actions on honor.

The weeks which have already passed since the congress demonstrate that Felipe's attitude is very beneficial to the party, which is beginning to find itself. Thus, the assemblies and meetings held throughout the nation indicate a greater degree of participation, maturity and responsibility, and augur a more calm and rigorous special congress, or at least that is what we hope.

The social democratic-Marxist dilemma is false, and we are pleased that in the articles mentioned there is no special insistence on it, because the signers know (we have known for years) that that is not the problem. If it were, one might well be concerned about a repetition of the French socialist

party congress (then the SFIO [expansion unknown]) of 1946, in which the verbal demagoguery of Guy Mollet was loosed against the secretary general who led the party during the resistance and underground period, Daniel Meyer. At that time Guy Mollet, prime minister during the Fourth Republic, did not practice a social-democratic, but rather a conservative policy, but indeed, with the permanent restriction of theoretical Marxism (at least in appearance), pure and simple. Could the same thing have occurred in the PSOE if a "radical" executive had been in charge during the 28th congress? We will never know, but personally I am convinced that it would have been so.

At the risk of being accused of being a schemer, I think the PSOE crisis is the result of the struggle between the old, which is not yet dead yet (dogmatic paleo-Marxism), and the new, which is not yet through the birth process (the critical Marxism of 1980).

The attack in which the previous executive was blamed for turning the party toward the right (the curious thing is that no alternative policy to that developed by the outgoing team was ever presented) came down hard on a well-intentioned sector of the base, which sincerely believed the false accusation. If we add to this the spadework of the Trotskyites who infiltrated (there are some, and someone has to admit it eventually) and of those who were frustrated at not having been elected to any post in the general or municipal elections, we will understand a little what an explosive "cocktail" the 28th congress was and outside of which the great majority of the party base remained.

I am convinced that the party will now return to what it always was, having overcome the foreign matter introduced in the 27th congress, which is a clear deviation, in my opinion, from what has been the historical trajectory of the PSOE and what it is and must be in 1979. However, the special congress must make clear above all its strategy, its political line and what alternative the PSOE offers the Spanish people, particularly the workers and popular sectors. In none of the articles cited is this mentioned, and this is what really interests the man in the street.

I would not want to end without referring to the criticism that Pablo Castellano made of the delegates and members, who almost unanimously acclaimed Felipe on the last day of the congress. I believe that our membership, our electorate, the workers of this country, have taken into account the inestimable heritage the PSOE has in Felipe Gonzalez. And I do not see why it is necessary to criticize them. Leaders of his stature do not appear every day, so there is reason for the Socialist to be proud, not ashamed; and in addition, it is perfectly compatible with the most authentic internal democracy. Or are we confusing democracy with government by the mediocre? Let us not, then, demagogically set a leadership faction against a self-government faction, creating a new problem where none exists. Or does it annoy Pablo Castellano that the peasants of Caceres ask him if he belongs to Felipe Gonzalez' party?

ETA REPORTEDLY INFILTRATED IN ARMY

Madrid BLANCO Y NEGRO in Spanish 20-26 Jun 79 pp 26, 27

[Article by Alfredo Semprun: "ETA Infiltrates the Army"]

[Text] Hours after the funeral for Lt Gen Gomez Hortiguela and his three companions in arms who were viciously murdered in Madrid by a gun squad from the military wing of ETA [Basque Fatherland and Liberty Group], the intelligence services of the army chiefs of staff received a staggering blow, according to reports from sources we trust completely: the first steps of the military investigators in the case of the treacherous murder of the high army officers had led to the discovery of a most unwelcome and unexpected fact.

It was learned that one of the orderlies serving the victims was clearly a sympathizer with the nationalist cause and more concerned with the interests of his rebellious countrymen than with the favor he had been receiving from the military leader and his two adjutants.

But that was not all. Our trustworthy source relates that the investigators, although they could not demonstrate that the orderly had direct connections with the plot to kill the four men, found that he was not the only nationalist in privileged and trusted positions within the sealed world of the historic Buenavista Palace.

The young man was a close friend of two other Basques who, like him, were convinced nationalists and who had infiltrated into the staff of drivers for the General Chiefs.

The sense of shock was inevitable, as was also the commotion it caused in circles close to the official staff of the defense minister, Rodriguez Sahagun. Note that a few weeks ago another murder, no less reprehensible, the assassination of Andres Garcia, the young Spanish Communist Party figure, revealed that this intelligent and faithful communist had managed to get an assignment at the military information center and had become in

this way one of the most frequent visitors of a certain former army chief who is now an active member of the elite group who work with Mr Carrillo.

Control Problems

As we said, military circles reacted with shock, confusion, indignation, and finally understanding. However unusual and unbelievable these situations may seem, surely no one will ignore the control problems posed by the job of running the army. Also, although we have not been able to prove this yet, it seems that it was Lt Gen Gomez Hortiguella himself who had asked for this young Basque as his orderly on the petition of a very old friend who has now retired from the service.

There has been a sense of shock. However, Basque and communist infiltration into key posts of the army is nothing new. We knew that many of the most hardened gunmen working for ETA entered the armed forces as volunteers under orders from the terrorist "organization" and learned how to use arms and explosives as members of special army units.

With a more political purpose, in accordance with what has been called "operation soldier," a veritable wave of Communist Party members have been graduated from the Lerida school for noncommissioned officers recently.

Other Military News

In a related incident, a high communist leader was arrested a few hours after the murder of Admiral Carrero Blanco.

Inspectors from the former Regional Criminal Investigations Brigade, who deserve the credit for the first brilliant investigations, discovered a telephone number written on an empty box of "Buscapina" suppositories used by the man called "Wilson" to control his nephritis and found in the wastebasket of the refuge or "safe house" used by the Basque assassins on Mirlo Street. The trail led to another safe house where they found a known Communist Party leader in possession of a great deal of documentation on the Spanish military, information on assignments of the various officers and chiefs of the armed forces and specifically on persons who at the time were members of the "Presidential Information Service."

The communist leader was taken to the Puerta del Sol police station and was about to be interrogated by the police, but orders from higher up arrived and he was taken under the control of military authorities. This showed that at the time the military documents and the manner in which they had been obtained apparently was much more important than the possible connection between the communist leader and the killers of the admiral and the two officers who were working with him.

NAVARRRE'S FORAL GROUP PRESIDENT ON BASQUE ISSUE

Madrid BLANCO Y NEGRO in Spanish 20-26 Jun 79 pp 18-21

[Interview with Jaime Ignacio del Burgo, in Madrid, by J. A. Munoz Atienza; date not given]

[Text] "It is a falsehood that I instigated the decree of conflict of interest made regarding the double role of the leader of PNV [Basque Nationalist Party], Carlos Garaicoechea, as member of the parliament of Navarre and president of the Basque General Council. I came to speak with President Suarez about the improvement of Navarre's foral [historical] rights, that is, about including in the foral system the roles and functions that the State has in Navarre now and which are not essential to constitutional unity, the only limit for the development of the foral rights of Navarre," says Jaime Ignacio del Burgo to begin his statements. Del Burgo is president of the Navarre foral group and a senator of UCD [Democratic Center Union].

Born in Pamplona 37 years ago, Jaime Ignacio del Burgo is married and has five children. He holds degrees from the University of Deusto in law and economics, and is a member of the Study Council on Navarre Law and the Royal Academies of Moral Sciences and Politics as well as Jurisprudence and Legislation.

He is the cofounder of the Social Democratic Party of Fernandez Ordonez, which is part of UCD. Last 3 April he was elected foral representative for the city of Pamplona and later president of the foral group.

He is the author of various books on historical and foral research and on Navarre politics.

The nationalistic provocations disguised as pseudoleftist maximalism, and the threatening words of Garaicoechea, the PNV leader, in favor of keeping "every comma" of the draft Guernica Statute serve as a smoke screen for the expansionist imperialism underlying the racist separatism "invented" at the end of the last century by Sabino Arana. Who ever told Garaicoechea that Navarre is Euzkadi? The vote in Navarre has demonstrated the opposite. Navarre is Navarre. This is why we interviewed Jaime Ignacio del Burgo in one of the Senate chambers.

[Question] The loss of civic harmony in the Basque country, which affects also certain urban centers of Navarre (Tudela and Pamplona), is surely the most troublesome topic for the government now that Parliament is going to fight the bill of the Basque statute.

[Answer] True, it is troublesome for the government, because obviously the issue is not the problem of autonomy, which could be resolved perfectly well within the framework of the Constitution of 1978, but rather a problem affecting the unity of the State itself, the integrity of Spain itself. It is sad to observe, for example, that the inaugural address of the new president of the Basque General Council had not even one word showing solidarity with the suffering community that is Spain, without which, by the way, it would be impossible for the Basque country even to exist. In reality the topic of Navarre is only the battleground for two conceptions of political life: either for Spain or against Spain. This is what makes the problem so serious.

"They Are Trying to Put Self Determination into the Constitution Incorrectly"

[Question] The draft Basque statute contains articles which are clearly unconstitutional. What do you think of this?

[Answer] In general, it is evident that the statute, known as the Guernica statute, is contrary to specific parts of the Constitution. The philosophy behind it is clearly separatist; it attempts to design an autonomous nation, based on asserted existence of the Basque nation, which is absolutely contrary to history. One of the articles, stating that acceptance of the statute implies no renunciation of the rights which the Basques have held historically, attempts to constitutionalize the principle of self determination through the wrong door: that is, the right to independence, a principle on which all the nationalist forces, from PNV to ETA [Basque Fatherland and Liberty Group] are in agreement.

[Question] And what of the statement that Navarre is Euzkadi, which PNV discovered somehow and uses as an axiom without being able to confirm democratically?

[Answer] That originates in the supposition that our ancient Kingdom is part of the supposed Basque nation. Naturally we cannot agree with this dogmatic utterance which prejudices what should be the role of the people of Navarre, who have the right to keep their own identity.

[Question] How can they say that the Basque Nation has its own history as an independent entity, as is the case with Navarre, if they were territories which always were part of the Kingdom of Castile?

[Answer] It is obvious that Alava, Guipuzcoa and Vizcaya were never part of Navarre, although at certain moments, practically a drop of water in the ocean

of history, they were dependent on the King of Navarre, but without taking on the Navarre character. When a ruler of Navarre founded San Sebastian, and we should note that most of the Basque cities were founded by rulers of Castile, he prohibited settlement there by citizens of Navarre. Residents of Alava and Guipuzcoa accepted the sovereignty of Castile from remote times and were always faithful subjects of the crown of Castile, taking active part in all the foreign activities of Castile as well as in the political changes since then. Rule over Vizcaya changed from a vasallage situation to control by Castile because of dynastic reasons. Navarre's situation was always different, and we must not forget that it was a force from Vizcaya, Alava and Guipuzcoa under Ferdinand the Catholic which destroyed the independence of the Kingdom of Navarre in 1512. After that time Navarre was joined to the crown of Castile as an equal, that is, with Navarre keeping its status of a kingdom on its own and its special character in laws as well as jurisdiction and government. Also, the Basques could hold no public office in Navarre, since they were considered foreigners, and this remained the case until the promulgation of the Law of 1839, which confirmed the Navarre foral system, without prejudice to constitutional unity.

"Arana's Movement Was Basically Racist"

[Question] Therefore we are dealing with a fiction, a historical fallacy "invented" by the founders of racist Basque nationalism?

[Answer] The origin of the fallacy lies in the interpretation of history, or rather in the falsification of history by Sabino Arana at the end of the 19th century, taking advantage of the feeling of frustration at the time in the Basque areas because of the failure of carlism and the abolition of the foral system in 1877. Sabino Arana founded basically a racist movement. If Navarre, Alava, Guipuzcoa and Vizcaya were territories populated by Basques, the consequence, according to Arana, must be that these territories should be united in a Basque nation separated from Spain. Today the concept of race, which is not scientifically sound, has been replaced by the broader notion of "ethnic group," with the desire to find Basque identity in the existence of a language, which in no way can be considered a common historical language of the Basque provinces nor, all the more obviously, of Navarre.

[Question] But Garaicoechea, who was born in Navarre, says he is Basque and "feels Basque."

[Answer] The nationalist view omits to realize that although the old kingdom has some Basque roots, it is also true that in Navarre different ethnic groups and cultures have coexisted harmoniously. It is just as false to say that Navarre is Basque to say the opposite. There are places in Navarre which are filled with Basque culture and there are others where you will find not a trace of Basque character. Navarre is a political community which has kept its personality through history, over and above the ethnic groups and cultures which are its component parts.

"Navarre is Navarre"

[Question] How can proof be found of the identity of Navarre? Through a referendum?

[Answer] We should not ask the people of Navarre if they are Basque or not, because this is not a question subject to a vote. This is exactly the trap set by the nationalist forces so the people of Navarre will be confused, since as I said before we do comprise clearly Basque origins in part. What the people of Navarre must decide is if we are to renounce our own political identity as a territory different from though in solidarity with the other peoples of Spain, and in consequence to accept the existence of a higher political power, that of Euzkadi, which never existed, or whether we instead are to keep our identity and foral status, which assures autonomy agreed to by the central administration, autonomy, that is, which cannot be changed without its consent. Also, under the concept of Euzkadi we see concealed or obvious separatist plans which conflict with the feeling of belonging to the community of Spain, a feeling which Navarre has had throughout history.

[Question] So Navarre is Spain or Navarre is Euzkadi?

[Answer] I would say that Navarre is Navarre and that it is impossible to imagine Spain without Navarre. With the same conviction that Garaicoechea says that because he is from Navarre he feels Basque, I can say that because I am from Navarre I feel Spanish, and that one can be a Basque from Navarre and Spanish to the core.

[Question] What effect will the results of the recent elections have on the political composition of the foral parliament of Navarre?

[Answer] The people of Navarre have given majority support to political groups such as UCD and PSOE [Spanish Socialist Workers Party], parties whose leaders and supporters would object against Navarre's staying out of the action of Spanish political life, which they consider their own political life. If you include the Union of the People of Navarre, a regionalist but deeply Spanish party, the nationalist forces barely obtained 15 percent of the seats in the foral parliament, or 21.42 percent of the vote. We should note that PNV got only 4 of 70 seats in our legislative body.

[Question] How do you explain that with so few votes in Navarre, PNV proposed Garaicoechea, whose party did not even win one seat in Navarre on 1 March, as president of the Basque General Council, an organization which does not include Navarre?

[Answer] I would have no objection to Garaicoechea's being president of the Council though he was born in Navarre, as long as he moves to Pamplona or to another Basque capital, thus resigning from his foral parliamentary post in Navarre. What is happening is that PNV, obsessed to incorporate Navarre into Euzkadi, is willing to use the Vizcaya General Board for partisan ends

by naming him its representative. It is as if UCD were to name me president of the Aragon delegation and allow me to hold this post at the same time as I am president of the Navarre foral delegation. There are conflicts of interest which are of the nature of things even if there is no law against them. And this is one of those ethical conflicts.

Urban Guerrilla Warfare

[Question] Why is it true that in Pamplona the streets are often under the total control of the nationalists? What is the silent majority doing?

[Answer] In the first place, we must not forget that we are in the battlefield of a subversive war which is revealed most importantly in terrorism and urban guerrilla warfare. History, including the recent experience of other nations, shows us that a small number of determined activists in support of a revolution can be enough to do great harm to the structure of the State. This is what is happening in Navarre and the Basque country. Terrorism is just one facet of the frontal attack on any aspect of our political, social and cultural ties with Spain. The citizens of Navarre have defended against this frontal attack with the weapons of democracy, that is, they have voted in the majority for democratic nonseparatist parties and have trusted that the state security forces can maintain order. The work of these forces at the present time is indispensable, but it would be good to pass this responsibility to autonomous Navarre police like our present foral police, which surely will be given this power. We cannot expect the average citizen to be a hero every day. But it is clear that many citizens are reaching the limit of their patience: although they are completely in favor of democracy, they cannot remain passive about systematic attacks on the most basic rights, such as the right to life and civic order.

[Question] In that case why the support for the general strike called by the nationalists, which was joined by unions and leftist parties with nationwide status in a bandwagon movement? Was the majority terrorized?

[Answer] I said before that we cannot expect citizens to be heroes. On this occasion to make solitary opposition against the coercions of the nationalist activists would have been heroic. The silent majority chose to stay home and observe how the state security forces tried, not always successfully, to avoid the placing of barricades, the burning of cars and other vandalistic acts on the part of groups of young people following the slogans of the urban guerrilla commanders. Regarding another order of responsibility, we should note that the public statements of certain moderate leftist party leaders cannot be understood without the context of the terror and coercion exerted during that time. Ever since the assassination of the journalist Jose Maria Portel, many journalists have weighed their words twice in a self-censoring action which would have been unimaginable even under the Franco regime during its hardest years.

[Question] Are you optimistic about the future of Navarre?

[Answer] There will be no lack of problems in the future. But Navarre has experienced other times in which its very identity was at stake, and in the end the good sense of the people of Navarre saved the situation. The overwhelming majority of the people of Navarre are for peace. No one in Navarre is willing to renounce our system of autonomy, which must be completed and improved, taking into account the change of the Central State into a State which respects regional autonomy. I believe that the foral institutions will be able to meet the goals of the majority of Navarre's people who want to build a new Navarre based on justice and solidarity with all the peoples of Spain, without giving up liberty and democracy, which have always been essential attributes of our ancient charters.

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CSO: 3110

CONSERVATIVES' SPOKEN, UNSPOKEN ELECTION ISSUES

Stockholm SVENSKA DAGBLADET in Swedish 21 Jul 79 p 2

[Commentary by Gunnar Andren]

[Text] Naturally enough Gosta Bohman's harsh attack on Olof Palme--for his "eloquent silence" on the responsibility of the Hanoi regime for the tragedy of the boat refugees in Southeast Asia--has dominated the reports of his speech to several thousand people Thursday evening during the Conservative meeting in Almedalen near the Visby wall.

And that was the biggest news item in Gosta Bohman's speech.

But it should be said that the Conservative leader's speech was interesting in several other respects in reference to the upcoming election campaign. For Bohman's hourlong address had the shape of a review of the issues the Conservatives feel should be central in the campaign.

In that connection, note the following:

1. Bohman didn't say one word about the government question and he did not refer to either Thorbjorn Falldin or Ola Ullsten by name.

This was no accident, of course. What needs to be said about the formation of a cabinet has already been said--and apparently none of the three parties, Conservatives, Liberals or Center, wants a new (and in practice meaningless) extension of this issue before the election. We must now wait for the election results.

And in this context no one can be in any doubt as to what the Conservatives want, a new three-party government.

2. Bohman didn't say anything about nuclear power in his speech either. Only sporadic references were made to the current oil situation.

In contrast to Falldin who said that voters ought to mark their stand on nuclear power in the election itself the Conservative leader would like as far as possible to keep nuclear power out of the campaign in light of the popular referendum to be held in March 1980.

On this question there is mutual agreement--at least tactically--between Bohman and Palme. This may be the only issue on which they really agree as the election draws near.

But this does not mean that Bohman is in doubt as to the need for nuclear power in Sweden. In answer to direct questions he says that unless outside evaluations of the Harrisburg accident lead to a reconsideration of the whole nuclear power policy the Conservatives support the Liberal government's bill of last spring calling for an expansion to 12 reactors.

If this is not done Sweden will have even greater economic problems, Bohman says.

3. Most of Bohman's speech was a discussion of what kind of society we should have. A mixed economy or a planned economy. Dispersal of ownership or fund socialism.

As in past election campaigns this is the major point in Conservative criticism of the Social Democrats in general and Olof Palme in particular.

"What will the economic system the Social Democrats want to introduce step by step look like?" asked Bohman who promised to ask the question many more times "as long as the Social Democrats will not or can not give a clear answer."

What would replace the forces that now create the wealth? What would the system look like? How would it function?

As is often the case Bohman's criticism of the Social Democrats was so extensive that there was little room, much too little we should say, to talk about the changes the Conservatives themselves would implement. The Conservative leader has a tendency, demonstrated in Visby too, to concentrate too much on Olof Palme's personality.

To be sure, Bohman feels that Palme has recognized the danger of proceeding with overly doctrinary demands such as the introduction of the workers' funds in line with the 1976 resolution of principle at the LO [Swedish Federation of Trade Unions] congress, thus attempting to "return to the idea of the people's home."

But it is a fact that the Social Democratic leadership has been radicalized since the mid-sixties due to the influence of the student revolt and events elsewhere in Europe, Bohman feels. In part the intention--and

it is a good one--was to prevent the advance of communism. But as long as lack of clarity about the Social Democratic goal persists the question of which social system they want must be raised constantly and kept alive, Bohman said.

4. The more concrete points in the Conservative campaign include the demand for a limitation of the growth of the public sector and the demand for a reduction of direct income taxes (and definite opposition to all tax increases not motivated by market policy considerations).

In addition the Conservatives want a housing policy based on freedom of choice and more individual ownership (also for tenants in multiple housing) and an education policy placing more emphasis than is now the case on basic skills in elementary school, high school and institutions of higher learning.

These are views that are shared by many who are not dedicated Conservative voters, probably cutting deep into the ranks of the Social Democrats.

Tanned and energetic following his vacation in Sundskar Gosta Bohman is now throwing himself into his third campaign as party leader. Active party workers have no doubt that it will also be the third successful election for the party.

"A wind from the right is blowing through Europe," Bohman said in Almedalen.

If it is only a fraction as strong as the biting wind that hit Gotland on this July evening the Conservatives and Gosta Bohman can look forward to the election on 16 September with great confidence.

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CSO: 3109

BOHMAN: PALME MUST SPEAK OUT ON VIETNAM REFUGEE ISSUE

Stockholm SVENSKA DAGBLADET in Swedish 20 Jul 79 p 4

[Article by Ulf Wickbom]

[Text] Visby--Why is Palme keeping quiet about Vietnam? With that question Gosta Bohman started this year's series of political speeches in Almedalen in Visby.

A great deal of Gosta Bohman's speech on Thursday dealt with the fate of the boat refugees.

Gosta Bohman would like to persuade Hanoi to halt the flow of refugees. But he also wants Sweden to take in more of the boat people.

"If Norway can take in 3000 we should be able to accept at least that many," he said at a press conference before the speech.

The Swedish quota at present is around 1500 people.

"When the Socialist International gathers in Bonnersvik to discuss socialism and freedom in particular there is one topic that should be on their agenda but is not found there. I refer to the boat refugees of Southeast Asia. To the people who each month are driven out of Socialist Vietnam and whose fate is of concern to the entire world," Gosta Bohman said in his speech.

He continued: "Few issues have involved the Swedish Social Democrats in general and Olof Palme in particular like the Vietnam issue. With torch in hand in fiery appeals he condemned the events of the war in Southeast Asia. Month after month, year after year Olof Palme stood out as the Western politician taking the hardest line in support of Vietnam's war of liberation.

Racism

"There are clearly racist elements in Hanoi's mass expulsions," Gosta Bohman charged. "Vietnam is being purged of its Chinese population. The fact that they have been born there, grew up there and have worked in Vietnam for generations is unimportant. To an increasing extent Vietnamese people are also being driven out of their own country. Businessmen, doctors and civil servants, the middle class which cannot be subordinated to the iron-hard Marxist laws concerning the formation of society.

"Seldom has a deliberate policy created human tragedies of this vast extent but it is also seldom or never that Olof Palme--the man who usually has the most to say about what is happening around the world--has said so little. What is the reason for this silence?" Gosta Bohman asked.

Appeal to Palme

"I would like to make a direct appeal to Olof Palme. Open your mouth. Tell us what you think. While you were prime minister close ties were established between Sweden and the Hanoi regime. This made Vietnam one of the biggest recipients of Swedish aid--400 million kronor next year. You have actively opposed reducing that aid in reference to what is going on now. On the contrary you requested in parliament more money for aid to Vietnam. You have publicly opposed Sweden's acceptance of another small fraction of the hundreds of thousands of people who have been expelled. You have been more quiet about what is happening there than you have about any other major event in the world during the period you have been politically active.

Freedom

"I hope these words will remain hanging in the air here in Almedalen," said Gosta Bohman. "That they will greet Olof Palme when he comes here Sunday. If Olof Palme keeps quiet then about the oppression being practiced by his friends in the name of socialism or if he tries to explain away or excuse what is happening then he will have lost the right in the future to speak out against other regimes in other lands when they violate the human rights and freedoms supported by everyone in our country," Gosta Bohman said.

Freedom was also a theme of the domestic policy section of Gosta Bohman's speech.

He compared two social systems with each other, the one we have now and the one he feels the Social Democrats will set up if they win the election. Their trademarks are economic democracy, a planned economy and union funds, he said.

"If the Social Democrats get their way Sweden will look quite different in the future," he said at the press conference prior to his speech. He charged that individual freedom has been restricted while the Social Democrats were in power.

"Individual mobility has been restricted by the large public sector in Sweden and the heaviest tax burden in the world," Gosta Bohman said.

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CSO: 3109

'NOTHING NEW' FROM PALME REPORTED

Stockholm SVENSKA DAGBLADET in Swedish 23 Jul 79 p 2

[Editorial]

[Text] Nothing new from Palme. That is a rough summary of Olof Palme's message to his audience in Almedalen, Visby, on Sunday evening. The candidate for prime minister said very little about socialism if we leave out general rhetoric. There was a great deal of that in the speech. Freedom and socialism, the need for socialism in the world in general and in the Third World in particular, these are topics well suited to Palme's presentation skills.

But there was no trace of "Swedish" socialism in the speech. To put it bluntly the Social Democrats are not so dumb that they think marginal voters can be won over by talking about how socialism can be carried out in Sweden.

Of course it is better to do what Palme did, talk about jobs, the Liberal government's miserable oil policy, the importance of a clean and beautiful environment in the home and on the job and--we'll be hearing a lot about this up until 16 September--Per Albin's "people's home idea."

If we season this with regular doses of Franz Josef Strauss, Margaret Thatcher (the "Conservative aunt" as Palme put it so tactfully earlier) and "three-party misery" then we have the election message of the Social Democrats and Palme in a nutshell. But what can we expect for sure after the election if the Social Democrats get back in power?

Well, tax hikes of 10 billion kronor. Through the introduction of the production factor tax starting as early as 1 January 1980, a tax increase of 10 billion kronor.

Is this really what the majority of voters would like? In addition the Social Democrats would remove protection against inflation from the tax

scale. Instead we will go back to annual tax changes which, as Palme put it in his round-about way in Visby, would take into account the effects of inflation.

It is very uncertain whether this will attract any voters. Even the Social Democrats must realize that they won't win any votes by eliminating the inflation hedge that prior to 1979 had resulted in taxpayers automatically being excused from shelling out roughly another 3.5 billion kronor in national taxes.

The "tax reform" enacted by parliament in addition amounted to only 600 million kronor. These are the kinds of ratios involved.

"We have now had 3 years in which to experience the concentration of political, economic and media power in non-socialist hands," Palme said in Almedalen, adding the obvious--from his point of view--observation that "these 3 years have not been fortunate ones for the vast majority of the people."

This does not mean that everything the non-socialists did was wrong or that a Social Democratic government would not have had big problems too.

"But the non-socialists have not been able to give the country a strong policy and firm political leadership," Palme added. Could he be thinking of the fact that he himself and the Social Democrats laid the way for the present minigovernment?

In other words it hasn't all been bad. Just tax policy, business policy, energy policy, etc. How Palme would resolve this is a mystery. The truth is that he has criticized almost everything that happened in the last 3 years.

But perhaps it is simply the shadow of reflection that has crept in over the summer. For what did the three-party government--called the "three-party misery" by Palme--accomplish?

It took over Palme's so-called lavish repast. It turned out to have been already eaten up--and the bill left unpaid.

Now we are back on the right path. Not thanks to the Social Democrats but in spite of them. The Social Democrats opposed almost every necessary economic measure in 1977-78 that would get the Swedish economy back on the right course again.

Palme undoubtedly knows that the voters realize this. No one, least of all Palme, could avoid noticing the marked shift in public opinion polls in 1979. The eroding support for the Social Democrats results from increasing voter awareness that 3 years of a consistent economic policy have had an effect.

The alternative is undoubtedly Palme's policy. The policy pursued prior to the 1976 election which Palme would reintroduce after 16 September.

There is real justification for saying "nothing new from Palme."

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CS0: 3109

CONSERVATIVES CALL FOR LOWER TAXES, MORE POLICE

Stockholm DAGENS NYHETER in Swedish 27 Jul 79 p 6

[Article by Kaa Eneberg]

[Text] Reduce taxes. That is one of the best ways of preventing crime when it comes to economic crimes. More policemen and a new police college. The establishment of daily court sessions, the reduction of classroom size and more instruction concerning laws and the law. Crack down on truancy.

These are some of the proposals presented by the Conservative Party Thursday for reducing crime in Sweden. The Conservatives "see signs daily that law and order are being eroded." These words are found in the introduction to a report called "More Law and Order" which summarizes Conservative ideas.

"Of special concern in the everyday situation are the large number of violent crimes against fellow citizens and the many thefts from stores amounting to large sums of money. Another cause for concern is widespread juvenile criminality," the introduction says.

The proposals were presented in the new parliament building by member of parliament Bertil Lindgard, department secretary Bjorn Korlof and city commissioner Lennart Blom of Stockholm.

Nuances

The three crime investigators defended themselves against charges that "the Conservatives are just calling for more policemen." The Conservative city commissioner was especially energetic on this point. This is not the case at all. There are many nuances in the Conservative stand on crime and what they want is a broad package of steps to combat crime, he said.

However Lennart Blom thought it proper to give priority to the need for more policemen out of the 60-70 proposals compiled by the Conservative

group. Instead of the 800 policemen we have now we should expand this force to at least 1000 and to achieve this the Conservatives will work for the establishment of one more police academy.

"Or a police college," Bertil Lidgard, who just succeeded Astrid Kristensson--known as the "nightstick grandmother"--as Conservative chairman of the parliamentary Justice Committee, amended. Lidgard called the need for more policemen acute, explaining that most police personnel are young and a high rate of parental leave absences is expected.

Duty

Bjorn Korlof who made a special study of narcotics-related crimes spoke of the role of the family and the school with regard to juvenile crime. Children require a "basically harmonious growth." There is a connection between family problems, truancy, poor grades and a "sideline existence" leading to a "criminal career."

One way of strengthening the school system would be to take steps against truancy.

"We would make it a teacher's duty to find out immediately why a pupil is absent. This obligation does not exist now unless the pupil has been absent for a week," said Bjorn Korlof.

With regard to juvenile crime the Conservatives also propose alternative penalty forms for young people, a quicker and more consistent reaction on the part of society to juvenile crime than is now the case and intensive efforts to counteract unemployment.

Increased Sentences

The Conservatives want to combat narcotics crimes through stepped-up border checks and increasing minimum sentences. For the same reason they want to increase the opportunities to search visitors to prisons. There should also be special search patrols and those guilty of narcotics crimes should be separated from others in jail.

Economic crime can be checked by a tax system that makes cheating less profitable than it is now. But tax violations should not be overdramatized, they point out. Tax violations should be included at a reasonable level in the classification of crime according to the Conservative program.

Lennart Blom made this clearer by explaining that they wished to disagree here with those who claim that tax violations are more serious than other breaches of the law because they are directed against the "collective or the state." The Conservatives don't feel this way. The present classification of tax violations is "relatively satisfactory," said Lennart Blom.

The Conservative list of proposals also includes:

Greater opportunities to reward individual citizens who help to clear up crimes.

Consistent sentencing according to the severity of the crime committed and not the social status of the individual.

Avoidance of imprisonment as much as possible but when this is imposed there should always be a definite time limit on its duration.

Smaller penal institutions.

More trials with paying market wages at penal institutions.

Some job and housing priorities for released prisoners.

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CSO: 3109

PROFESSORS WARN OF DANGERS IN CLOSER TURKO-SOVIET TIES

Istanbul TERCUMAN in Turkish 3 Jul 79 p 3

At the international conference which has just concluded at the Tarabya Hotel an overall appraisal of Turkish-Soviet Union relations was made, and it was disclosed that links with the Soviet Union had gradually strengthened and that this situation could have critical consequences for Turkey.

At this conference, which had as its theme "Turkey's Alternatives in Foreign Economic and Political Relationships" and which was jointly sponsored by the Istanbul University Economics Faculty and the Deutsches Orient Institut, the chairman of the Italian Institute of International Relations, Roberto Aliboni, reviewed the reasons which had led to the intensification of Turkey's relations with the Soviet Union and indicated that the economic problems and bottleneck in foreign exchange which Turkey had encountered had played a significant role in this development. However, Prof Erol Manisali and several other speakers asserted that Turkey's relationship with the Soviet Union had outstripped the dimensions of the foreign exchange problem. Another speaker, U. S. Elliott Zoppo, noting that this development, especially as reflected in the inauguration of economic cooperation, which could lead to significant changes in Turkey's international position, required careful evaluation. Professor Zoppo said that one must not forget that the Soviet Union utilized economic relationships to expand its political influence. Zoppo called attention to the fact that international relationships had gradually become more and more multi-faceted in our day and that even the U. S. had initiated economic relations with the Soviet Union; nevertheless he stated that these relationships were founded upon rather delicate balances, especially for a country like Turkey.

The Soviet Union and Petroleum

German Professor Humbert said that the Soviets always shaped their foreign policy according to their foreign economic relationships and asserted that foreign economic activities must be evaluated when considering Turkish-Soviet, Yugoslav-Soviet and Finno-Soviet relationships. Drawing attention

to the petroleum problem Humbert claimed, "The Soviets are gradually becoming more dependent upon petroleum and recently reduced their exports of petroleum to CEMA countries;" and that from the Turkish standpoint caution should be observed in entering into cooperation with that country on the matter of petroleum.

Professor Steinbach stated that the Soviets have always based their relations with Turkey upon a long-range and systematic analysis. He noted that Iran and Afghanistan were still in turmoil and that developments in these countries could have an effect upon Turkey, adding that the Soviet Union may be waiting for an appropriate occasion in which to intervene.

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CSO: 4907

SUBSTANTIAL SAUDI AID HELPS EASE FISCAL CRISIS

Jiddah SAUDI BUSINESS in English 26 Jul-3 Aug 79 p 10

[Article by Timothy Sisley]

[Text]

As the harried Turkish government of Premier Bulent Ecevit breathed a sigh of relief last week at the signing of its \$ 300 million International Monetary Fund credit, all eyes were on a major effort by Western governments and financial institutions to rescue the beleaguered Turkish economy from its vicious circle of foreign exchange shortages and low productivity.

Almost unnoticed, the Jeddah-based Islamic Development Bank, in which the Saudi government is the major shareholder, agreed to an immediate loan of \$ 30 million to the Turkish state oil company to cover pressing arrears on oil import bills.

The decision by the bank highlights a large-scale Saudi assistance program, which is both parallel and complementary to the Western moves. According to Turkish Ambassador Fikret Bereket, Saudi credit available to Turkey now equals the IMF stand-by facility at \$ 300 million.

In December 1978, a full month before Western leaders met on the Caribbean island of Guadeloupe and agreed a package of OECD assistance contingent on the Turkey-IMF agreement, officials of the Saudi Fund for Develop-

ment visited Turkey to evaluate state projects for SFD help.

After a complete blank in high-level contacts between Riyadh and the Ecevit government, which came to power in late 1977, Finance Minister Sheikh Muhammad Aba Al-Khail travelled to Ankara in April and signed an agreement for the provision of \$ 250 million in SFD project aid for Turkish state infrastructure projects and industry. The loan was the first-ever made by the SFD to Turkey.

It was also by far the largest ever extended by the SFD in its three-year life, and came close to the upper limit permitted by the Fund's charter to a single borrower — 10 per cent of total capital of \$ 3 billion.

The aid will go to state projects delayed or halted by Turkey's crippling foreign exchange shortage. These include upgrading the railway system, a cotton mill, highway construction and an electricity generating plant based on lignite strip-mining in Afsin El-bistan.

In addition, Turkey has a \$ 50 million program credit which it is free to disburse as it likes.

In the light of this, Turkish officials are looking to Saudi Arabia

as a lifeline out of Turkey's economic problems. Against a background of difficulties in meeting payments on oil contracts to its main suppliers, Turkey is hoping for a guarantee on oil supplies — under a contract of the order of recent Petromis agreements with such European countries as Italy, Spain and Greece. Turkish officials are also looking to a government agreement on Turkish activities in Saudi Arabia to improve the poor performance of the Turkish export construction industry and private-sector traders.

Payments arrears, large trade deficits from 1975 to 1977, adverse trade movements and runaway domestic demand have left the Turkish economy hamstringed with debts estimated at \$ 15 billion. The shortage of foreign exchange has meant that productive manufacturing industries have stood idle for lack of imports of raw materials. Inflation has risen from 25 per cent in 1977 to 50 per cent this year and the country has been racked by political violence.

The IMF facility is particularly significant since Turkey's acceptance of the fund's terms will open the way for OECD members to

extend aid and reschedule bank debts to the tune of \$ 15 billion. The IMF terms were spelled out in a letter of intent signed with the Turkish government at the end of June. They include a de facto devaluation of the lira by replacing its tie with the U.S. dollar with a link to a basket of currencies; a pledge to keep inflation levels below 35 per cent through control of money supply; and a promise to raise prices this year and next to replace subsidies on products from state industries.

The IMF agreement came not a moment too soon for the Ecevit government. Stripped of its majority in parliament, and obliged to use desperate tactics to weather a vote of censure, Ecevit can now use a 3-month parliamentary recess to negotiate individual aid agreements with OECD members.

There had been speculation that the Saudi Fund had also made its help contingent on the IMF 'seal of approval'. Bereket flatly denied this and Sheikh Aba Al-Khail himself said in Ankara that the Kingdom preferred to deal bilaterally with Turkey and would not participate with the OECD rescue package. Even so, Saudi Arabia occupies a seat on the executive board of the IMF — filled by the former SFD managing director, Mahsoun Jalal — and the Kingdom would presumably have been consulted closely during the negotiations for the stand-by facility.

A parallel is provided by the case of Sudan. Although the Kingdom continued project aid contributions after 1976 it made no program loans between 1976 and 1978. Only when Sudan finally reached a one-year agreement with the IMF in June 1978, and devalued, did Saudi Arabia conclude a \$ 300 million loan for payments support. Two-thirds of this was to go toward Sudan's oil bill, chiefly from Iraq.

But when Sudanese IMF negotiations on a three-year agreement broke down — they are

still unresolved — the Kingdom held back the second tranche of payments on its loan. Sudan got into bad foreign exchange problems and Iraq cut off supplies.

But as if to confirm Bereket's contention about the SFD loan — that Saudi aid is based "on a genuine wish to help a friend in trouble" the Kingdom has since agreed to provide Sudan with 90 per cent of its oil needs under a direct Petromin deal.

Whether the parallel extends to Turkey's hopes for a guaranteed supply is not clear yet. Bereket will only say that he expects it to be signed "in the very near future." As negotiations are still going on, he will reveal neither the term nor the quantity requested.

Although Bereket did not say as much, the guaranteed supply is clearly designed to make up a good portion of the shortfall in Turkish supplies caused by the foreign exchange difficulties — which is also the reason behind the \$ 30 million instant credit signed between the IDB and Ismail Aman, director of the Turkish Petroleum Corporation (TPAD) in Jeddah last week.

The IDB loan is part of the bank's program to assist trade between Muslim countries and follows a loan for the same reason for Somalia two weeks ago on behalf of its oil purchases from Iraq — which were in arrears for the same reason.

But the Sudanese and Somali foreign exchange difficulties pale before those of Turkey. Though the IDB loan took only one month between request and signing, it is only a drop in the water.

Because of the foreign exchange crisis, Turkey has had trouble meeting commitments on its medium-term contracts from Iran, Libya, the Soviet Union as well as Iraq and has been forced into large-scale and costly incursions into the spot market.

According to Ankara's "Ahananewsletter" — quoted this month by the Middle East Economic Digest — TPAO

bought 900,000 tons (35,000 barrels per day at annual rates) on the spot market in the first half of this year. The cost was \$ 700 million and Turkey's total oil bill for this year was expected to hit \$ 2.8 billion.

Turkey produces just over 50,000 bpd modestly, and needs to import 250,000 bpd. Gas rationing was imposed in Istanbul at the beginning of the month.

A guaranteed oil supply, presumably on a concessional or at least long-term payment schedule, would be a major step forward in Saudi Arabia's new assistance program for Turkey.

Behind what is clearly a real Saudi altruism, there may be an equal Saudi concern over last year's waves of terrorism and sectarian rioting that at one point seemed to threaten a repetition in Turkey of events in Iran. Although Bereket admits the vision of Iran would have been a factor in relations, since Saudi Arabia regards Turkey as "a bulwark" in the region, he prefers to look at human ties.

Centuries of Ottoman rule in the Hejaz and, less tenaciously, in the north and east have left families of Turkish blood in Mecca, Medina, Jeddah and Jizan — and certain human privileges. Bereket also thinks that all other things being equal, a Saudi would prefer to deal with a fellow-Muslim.

But so far, the equalization process has a long way to go. Turkish exports, largely fruit, food and construction material, run at a meager \$ 30 to \$ 40 million a year. Structurally, the Turkish industrial sector has relied on costly raw materials imports and has not pursued aggressive sales overseas.

The problem are domestic problems compounded by distance and

the stiff competition in the Saudi market. Turkish companies are inexperienced, there is no shipping service and the overland route has been largely taken over by European hauliers.

But the recession in the Turkish construction market is prompting firms to look abroad — a move encouraged by the Turkish government for foreign exchange reasons.

At present, there are only two major Turkish projects in hand and in these Turkey really has benefitted from its Islamic condition. Both are in the Holy Cities.

Pimhol is building a SR250 billion housing scheme in Medina in a joint venture with Binaladen, and Sezai Turkes is working on expanding and improving Pilgrimage facilities in the Holy Places outside Mecca. By this year's Pilgrimage, Sezai will have completed a vast pedestrian tunnel in Mina. It was recently awarded a further SR200 million contract to ease the flow of pilgrims by construction of two similar tunnels for vehicles.

These companies employ a large proportion of the 40,000 Turks in the Kingdom, whose remittances are also of assistance to the balance of payments.

Bereket is confident that Turkey can double the volume of contracting and technical services and is looking forward to September's meeting of the Turkish-Saudi Joint Commission as the first, since establishment of the commission in 1974, to produce concrete proposals. Agriculture is expected to be an area of greater interest with major Saudi plans set for the 1980s and considerable Turkish experience in semi-arid farming.

OPEC PRICE HIKE WILL FURTHER TIP BALANCE OF PAYMENTS

Istanbul CUMHURİYET in Turkish 29 Jun 79 pp 1, 11

The Organization of Petroleum Exporting Countries (OPEC) at the conclusion of their 2-day meeting in Geneva raised the price of crude oil per barrel by 35 percent. This new rise in the price of petroleum will further increase Turkey's already existing balance of payments deficit so that now her total revenue from foreign sales will not even cover her foreign petroleum purchases.

Adverse Effects

It is reported that the new petroleum price rise will create serious adverse effects upon Turkey.

Turkey meets its crude oil needs through three channels. The first of these is foreign purchase from countries with which agreements have been concluded, the second is foreign purchase from the free market, known by the expression "spot" purchases and the third is local production.

Approximately 12 million tons of Turkey's requirements are realized by way of individually-concluded agreements between governments.

About 3 million tons of Turkey's requirements are met through the crude oil produced by foreign and local companies domestically.

Turkey's total consumption of petroleum has reached 18 million tons per annum. Consequently, with 12 million tons being provided by agreed commitments and 3 million tons being produced domestically the remaining 3 million tons which are acquired through spot purchases acquire a critical importance.

According to information obtained TPAO [Turkish Petroleum Corporation] is presently purchasing petroleum from eight separate oil fields at eight separate prices. These eight prices have been initiated by the firms one by one in communication with TPAC. The firms raised their prices on the free market immediately after the OPEC announcement and have begun to

"dictate" new prices to TPAO. According to initial information the price per barrel on the free market has been raised to \$40.00. When the firms who were selling petroleum informed TPAO of the new prices, the ones to whom we had an outstanding debt wanted the new prices to be applied to the debt as well. At the new year Turkey was paying 6 million a day for petroleum, and by the end of April this had risen to \$8.5 million. At this rate the monthly consumption figures leaped from 180 million to \$250 million.

Probabilities

The experts who have calculated the burden which the OPEC price rises are going to impose upon Turkey's balance of payments have concluded that, "If the increases determined by OPEC are reflected at the same rate in the prices Turkey pays this will amount to an added burden of \$60 million a month."

However, since the majority of Turkey's foreign purchases are made as a consequence of bilateral agreements the new prices for Turkey may turn out to be different from the "official prices." It is reported that the added burden derived from calculating future increases in agreed prices may actually turn out to be around \$10 million per month.

Consequently, following the institution of OPEC's new prices the added burden for Turkey is expected to amount to \$120 million per year.

"In such circumstances," officials stated, "Turkey is certainly going to be obliged to operate on the basis of agreed prices." According to available information Turkey is experiencing difficulties in getting commitments due to her shortage of foreign exchange and occasional difficulties in meeting payments, and therefore she is faced with the necessity of resorting to "spot" purchases. This type of purchasing enormously increases costs.

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OIL PRICE HIKE COULD TOUCH OFF NEW ECONOMIC CRISIS

Istanbul MILLIYET in Turkish 3 Jul 79 p 3

[Article by Yalman Ozguner]

[Text] It has been asserted that the price increases being imposed by the petroleum selling countries will lead to a new world economic crisis. According to Westerners, "With the price increases which have been imposed on petroleum from the beginning of 1979, which have raised prices around 70 percent, a rapid increase in the deficit in the current transactions of OECD countries appears to be inevitable."

According to a study which appeared in a West German publication, WIRTSCHAFT BILD, "The latest price increases imposed on petroleum will result in an increase in the cost of living for OECD countries of around 3 percent. The average rate of inflation, which was 8.3 percent during 1978 in OECD countries, will be even greater after such a price increase and inflation will go hand in hand with the deficit in foreign payments. As a result of restrictive monetary and financial policies imposed to handle these two petroleum problems the industrialized nations will enter a period of recession."

In a study made by Dr Attila Bagriacik of AITIA [Ankara Academy of Economy and Commercial Science] it is stated that, "The deficit in current transactions of countries which purchase petroleum abroad was \$21.8 billion in 1977 and \$31 billion in 1978. The present deficit will be on the order of \$45-50 billion."

The following points were touched upon in Dr Bagriacik's study:

Following upon the latest price rises the products manufactured by the industrialized nations will become more expensive. Since this will result in diminished demand in these countries' domestic markets the basic export commodities of developing nations will fall in value. This situation, bad enough in itself, will push the terms of foreign trade into even worse circumstances.

A portion of the increased income achieved by the petroleum sellers will find its way to the industrialized nations as a result of the expanded economic policies of the sellers. In these circumstances the loss to the industrialized nations will be less than that of the less developed countries.

Since the petroleum price increases will cause price rises in different forms it will become inevitable for countries to make readjustments in their party rates.

Following the latest price increases Turkey will be obliged to make a \$500 million supplementary payment. Furthermore, because of a fall in demand in industrialized countries Turkey will find it difficult to meet her intended goal of \$2.75 billion in foreign sales.

Stating that, "Because of OPEC price rises unemployment in Turkey will surpass the 1978 ratio of 13.4 percent and the 1978 growth rate will not be reached," Dr Bagriacik went on to say, "If precautions are not taken inflation will reach the level of 70-80 percent."

Saying that, "The type of energy most directly linked to economic development is electrical energy," Dr Gagriacik asserted that "the one way open to Turkey to avoid a crisis is to avoid dependence upon petroleum." According to Dr Gagriacik, "In order for a slowdown in economic growth not to lead to retreat, and in order to continue developing, Turkey must prevent the wasteful use of energy and must establish a system of small hydroelectric dams to benefit from her especially rich potential in water power resources."

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DPT WARNS OF DIFFICULTIES IN MEETING OIL NEEDS

Istanbul TERCUMAN in Turkish 28 Jun 79 p 3

[Text] In a report given Prime Minister Ecevit by the DPT [State Planning Organization] notice was given that by the end of 1979 \$1,701 million worth of petroleum would have to be purchased and that if the foreign exchange to cover this amount could be found, a bottleneck in transportation would have to be overcome as well.

According to information obtained from officials and estimates, Turkey imported approximately \$500 million worth of crude oil and petroleum products in the January-May period. Under these circumstances the \$1,701 million worth of petroleum purchases scheduled for the second half of this year constitutes a three-fold increase over that for the first half of the year.

Exports and Petroleum Purchases

The 1979 target for exports was set, somewhat optimistically at \$2.7 billion and if one recalls that approximately \$1 billion worth of these exports were accomplished during the first half of the year it brings out the fact that the \$1.7 billion worth remaining for the second half of the year have been planned in their entirety to cover the purchase of petroleum.

From the information which has leaked from IMF and foreign banking sources it was being asserted that Turkey wanted to provide for its purchases of foreign oil with the income from its own exports and that foreign credits would be utilized for raw materials and other industrial inputs. The calculations above tend to bear out this information. If export revenues do not show a regular development and especially if they remain under \$1.7 billion during the second half of the year, as it seems most probable they will, Turkey's petroleum bottleneck will continue throughout the year.

The increase in petroleum prices at this point will have the effect of increasing this bottleneck even more.

Spot Purchases

On the other hand it has been reported that apart from the commitments which have been obtained from Iraq, Libya, the Soviet Union and Iran the gap in crude oil supplies which will have amounted to 1,422 thousand tons by year's end is going to be covered by spot purchases.

It is stated in the DPT report that with the initiation of operations at the ATAS refinery as of July, to achieve full capacity production by the end of the year, and with the successful implementation of the rationing system, export of \$93 million worth of gasoline may be possible from accumulated stocks. However, it is going to be impossible to find enough crude oil to enable the refineries, which are unable to satisfy domestic demand, to work at full capacity.

As will be recalled, two foreign companies which are in partnership with ATAS are charged with supplying about 2,700 thousand tons of crude oil per year at cheap OPEC prices in order to run this refinery. This obligation is in a de facto state of suspension due to failure to pay these companies moneys owing to them and due to the fact that ATAS is in the process of being nationalized. In order to compensate for this loss 1,422 thousand tons of crude oil is now to be obtained by "spot" purchases, which are expensive.

Transportation of the crude oil is also treated in the report as an important problem.

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AUTHORITIES LAUNCH OPERATION TO CRACK ARMS SMUGGLING NETWORK

Istanbul CUMHURIYET in Turkish 29 Jun 79 pp 1, 11

[Text] A large-scale operation has been undertaken related to arms smuggling at the Kapikule frontier entry point. During the early morning hours yesterday police, who raided the No 3 warehouse of the entering customs depot, seized 15 automatic weapons and 2,000 cartridges as a result of their first search.

It has been learned that the work of the operation, launched by Istanbul Financial Section detectives after a long sifting of assembled intelligence, will involve a thorough combing of the warehouse, which it is claimed has been turned into an arms depot, and the opening of all the crates it contains. It has been determined that the weapons and ammunition, sent principally from Western countries in crates subject to customs duties, have not been claimed up to the present time.

The Istanbul Financial Section detectives are keeping the operation very secret. It is not known from where, by whom and to whom in Turkey the crates were sent. It is thought that the crates in all probability were sent to the Kapikule customs depot as household goods or parts for factory machinery. It has been learned that the crates are being opened one by one and efforts are under way to examine the bills of lading and to determine the identities of the consignees.

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INTERIOR MINISTER FOCUSES ON ARMS SMUGGLING

Istanbul HURRIYET in Turkish 6 Jul 79 pp 1, 15

[Article by Saygi Ozturk]

[Text] Minister of Interior Hasan Fehmi Gunes said that it has been determined that a number of political persons and organizations are involved in the introduction of contraband weapons into Turkey. Gunes stated that an agreement will be made with the German Government to establish cooperation in the prevention of arms smuggling, and said, "One of the sources of the financing of arms smuggling is the money which a number of political persons hold in foreign banks. We have determined through intelligence that some very important persons have their money in foreign banks."

Minister of Interior Gunes, in a statement made to HURRIYET stated that the matter of weapons smuggling must certainly be considered when acts of violence are being debated, and went on to say, "Because the question that comes to everyone's mind is where are the weapons coming from that are being used in acts of violence. Weapons smuggling is not an activity which began with the outbreak of acts of violence. Common smuggling is a kind of crime which existed much earlier. However its tempo accelerated with the outbreak of civil violence and has developed an organic link with it."

Collaboration With the Germans

The minister of interior, disclosing that weapons are introduced into Turkey by TIR trucks, by sea and across our southern border, and that the majority of their arrival points, their unloading points along the coast have been identified, went on to say, "We are engaged in a long-range study of the points of origin of these weapons, how the money for them is paid and where the financial backing is located. Of course we are in possession of significant information in this regard, which would be of interest to the press and to the public. Unfortunately it is not possible from an intelligence standpoint to reveal all of this. It is a question of political organizations involving themselves in weapons smuggling. We are on the verge of concluding an agreement with the German Government to establish our cooperation in obstructing this

contraband weapons trade. Of course I do not wish to imply that weapons smuggling has its origins solely in Germany. It is a question too of the sources of financial backing being located in Germany. There are weapons smuggling centers located principally in Central Europe and also in southern European countries. However we have prepared a series of measures to reach these as well. We are going to put them into effect. We are going to eliminate the trade in instruments of death which are being used against our people.

Mutual Assistance Among Organizations

Minister of Interior Gunes disclosed that some organizations abroad have been supplying domestic organizations with weapons, and went on to say, "We are making a very careful study of which criminal organization obtained weapons and bombs from where. Most recently we have learned with almost absolute certainty where the bomb came from that was thrown at the MISK [Confederation of Nationalist Trade Unions] central headquarters. The same kind of bomb had been used earlier at another location. This discovery confirmed our information. With these discoveries in our possession we now have the opportunity to take more effective measures, without any doubt.

Outside Money

Interior Minister Gunes said that political personages who had money in foreign banks were being identified one by one. The minister noted that since the disclosure of these persons' names would create a great political uproar he felt it prudent to refrain from making them public at this time, but added, "There are politicians among those who have their money in foreign banks. And the material resources constituting the backing for foreign weapons smuggling consists of blocked funds in these same banks. We have determined by means of foreign intelligence that some very important personages have their money in foreign banks. However I do not wish to arouse a debate which disclosure of these identities at this time would generate and which would not assist us in achieving results."

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DOMESTIC DEMAND FOR AGRICULTURAL PRODUCE INCREASING

Istanbul MILLIYET in Turkish 3 Jul 79 p 11

[Article by Hacı Cetinkaya, writing from Yozgat]

[Text] The domestic demand for agricultural produce is announced to be increasing at a rate of 5.1 percent per annum. Parallel to this increase in demand planning has been underway to provide owners of productive land in Central Anatolia with generous means and to undertake investments designed to increase production during the 1978-88 period.

The State Planning Organization [DPT] has specified in a report dealing with this subject that "In the agricultural development section of the 4th 5-year plan, the allotment of 191.6 billion lira in fixed capital investment for the agricultural sector has been provided for. Somewhat later in the DPT report the following views were enunciated:

It is believed that the domestic demand for agricultural produce is going to increase at a yearly rate of 5.1 percent. In the period 1978-83 foreign sales of agricultural produce are expected to show an average annual increase of 7.2 percent.

A number of measures have been taken in order to increase production of agricultural commodities during the 1978-1983 period in parallel to the increase in demand. Principal among these measures is the modernization of the agricultural sector by providing the producer with the fullest means and pertinent instruction.

Fixed capital investment amounting to 191.6 billion lira will be made in the agricultural sector, 48.7 percent of which will be directed to the state sector and 51.3 percent to the private sector.

In the determination of this investment weight will be given to Central Anatolia, which possesses the most productive land, and an even higher rate of production is to be achieved.

Priority will be given to irrigation projects being carried on in Central Anatolia, especially the work in the lower Euphrates basin, and land reform will be intensified in parallel fashion.

The lower Euphrates irrigation project will be accelerated and carried out as a multi-purpose, integrated development project.

The development of small water resources and the construction of ponds will be fostered in Central Anatolia especially and in other arid regions.

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